

Star Bulk Carriers Corp.  
Form 424B3  
November 02, 2007

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**PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS  
OF STAR MARITIME ACQUISITION CORP.  
AND PROSPECTUS FOR SHARES OF COMMON STOCK AND WARRANTS  
OF STAR BULK CARRIERS CORP.**

Joint Proxy Statement/Prospectus dated November 2, 2007  
and first mailed to stockholders on or about November 5, 2007

Dear Star Maritime Stockholders:

You are cordially invited to attend the special meeting of the stockholders of Star Maritime Acquisition Corp., a Delaware corporation, or Star Maritime, relating to the acquisition by Star Bulk Carriers Corp., or Star Bulk, a wholly-owned Marshall Islands subsidiary of Star Maritime, of eight drybulk carriers from certain wholly-owned subsidiaries of TMT Co., Ltd., or TMT, a global shipping company with management headquarters in Taiwan. The acquisition of the eight drybulk carriers, or the Asset Acquisition, is conditioned upon the approval of the merger of Star Maritime with and into Star Bulk, with Star Bulk as the surviving corporation, which we refer to as the Redomiciliation Merger. Star Bulk's acquisition of the eight drybulk carriers from TMT is contingent upon the approval and consummation of the Redomiciliation Merger. Star Maritime has also entered into related agreements with TMT in connection with the acquisition of the vessels. Following the Redomiciliation Merger, Star Maritime will be merged out of existence and Star Bulk will be governed by the laws of the Republic of the Marshall Islands and, pursuant to separate definitive agreements, Star Bulk will acquire the vessels in its initial fleet from wholly-owned subsidiaries of TMT for an aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of the Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments. The board of directors of Star Maritime has unanimously approved the Asset Acquisition and Redomiciliation Merger.

Pursuant to the Agreement and Plan of Merger by and between Star Maritime and Star Bulk, or the Merger Agreement, each outstanding share of Star Maritime common stock, par value \$0.0001 per share, will be converted into the right to receive one share of Star Bulk common stock, par value \$0.01 per share, and each outstanding warrant of Star Maritime will be assumed by Star Bulk with the same terms and restrictions except that each will be exercisable for common stock of Star Bulk. Star Bulk has applied to have its common stock and warrants listed on the Nasdaq Global Market under the symbols "SBLK" and "SBLKW" respectively.

Star Maritime is a Business Combination Company, or BCC, which is a blank check company formed to acquire, through a merger, capital stock exchange, asset acquisition or similar business combination, one or more businesses in the shipping industry. On December 21, 2005, we consummated our initial public offering of 18,867,500 units, with each unit consisting of one share of Star Maritime common stock and one warrant to purchase one share of Star Maritime common stock. The gross proceeds of the initial public offering of \$188,675,000 were deposited in a trust account maintained by American Stock Transfer & Trust Company, as trustee, which we refer to as the Trust Account. If we do not complete the Redomiciliation Merger or another business combination transaction by December 21, 2007, Star Maritime will be liquidated and we will distribute to all of the holders of our shares issued in our initial public offering in proportion to their respective equity interests, an aggregate sum equal to the amount in the Trust Account, including any interest (net of any taxes payable) not previously released to us, plus any remaining net assets. Our officers and directors have waived their respective rights to participate in any liquidation distribution with respect to the 9,026,924 shares of common stock issued to them prior to our initial public offering and with respect to the 1,132,500 shares of common stock acquired by certain of our officers and directors in a private placement should we fail to consummate a business combination transaction. In the event of our liquidation, we would not distribute funds from the Trust Account with respect to the Star Maritime warrants, which would expire worthless. Holders of shares of Star Maritime common stock have the right to redeem such shares for cash if such stockholder votes against the Redomiciliation Merger and, at the same time, elects that Star Maritime redeem such shares for cash and the Redomiciliation

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Merger is approved and completed. The actual per share redemption price will be calculated two business days prior to the consummation of the Redomiciliation Merger. The redemption price would have been \$10.39 per share, based on funds in the Trust Account as of June 30, 2007. In order to exercise redemption rights, an eligible stockholder must vote against the Redomiciliation Merger and elect to exercise redemption rights on the enclosed proxy card. If a stockholder votes against the Redomiciliation Merger but fails to properly exercise redemption rights, such stockholder will not be entitled to have its shares redeemed for cash. Any request for redemption, once made, may be withdrawn at any time up to the date of the Star Maritime special meeting.

Your vote is very important. Approval of the Asset Acquisition is conditioned upon approval of the Redomiciliation Merger. Following the effective date of the Redomiciliation Merger, TMT and its affiliates are expected to own between 30.2% and 35.9% of the outstanding common stock of Star Bulk, depending on the number of shares redeemed for cash.

Whether or not you plan to attend the Star Maritime special meeting in person, please submit your proxy card without delay. You may revoke your proxy at any time before it is voted at the meeting. Voting by proxy will not prevent you from voting your shares in person if you subsequently choose to attend the Star Maritime special meeting. The joint proxy statement/prospectus constitutes a proxy statement of Star Maritime and a prospectus of Star Bulk for shares of common stock that Star Bulk will issue to stockholders of Star Maritime and to TMT in respect of the stock consideration portion of the aggregate purchase price of the vessels in the initial fleet. The proposed Asset Acquisition and Redomiciliation Merger are more fully described in this joint proxy statement/prospectus.

Holders of Star Maritime stock will not be entitled to any appraisal rights under the Delaware General Corporation Law in connection with the Redomiciliation Merger.

The registration statement of which this joint proxy statement/prospectus is a part relates to the offering by Star Bulk of up to 43,171,530 shares of common stock of Star Bulk, par value \$0.01 per share, which includes 29,026,924 shares of common stock reserved for issuance to shareholders of Star Maritime and an additional 14,144,607 shares reserved for issuance to TMT, in addition to 20,000,000 warrants to purchase shares of common stock of Star Bulk and 20,000,000 common shares underlying such warrants. There is no present market for the securities of Star Bulk.

#### HOW TO OBTAIN ADDITIONAL INFORMATION

If you would like to receive additional information or if you want additional copies of this document, agreements contained in the appendices or any other documents filed by Star Maritime with the Securities and Exchange Commission, such information is available without charge upon written or oral request. Please contact the following:

**Star Maritime Acquisition Corp.**  
**103 Foulk Road**  
**Wilmington, Delaware 19803**  
**Attention: Corporate Secretary**  
**Tel: (302) 656-1950**

If you would like to request documents, please do so no later than November 20, 2007, to receive them before Star Maritime's special meeting. Please be sure to include your complete name and address in your request. Please see "Where You Can Find Additional Information" to find out where you can find more information about Star Maritime and Star Bulk. You should only rely on the information contained in this joint proxy statement/prospectus in deciding how to vote on the Redomiciliation Merger. Neither Star Maritime nor Star Bulk has authorized anyone to give any information or to make any representations other than those contained in this joint proxy statement/prospectus. Do not rely upon any information or representations made outside of this joint proxy statement/prospectus. The information contained in this joint proxy statement/prospectus may change after the date of this joint proxy statement/prospectus. Do not assume after the date of this joint proxy

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statement/prospectus that the information contained in this joint proxy statement/prospectus is still correct.

The place, date and time of the Star Maritime special meeting is as follows: the offices of Seward & Kissel LLP, One Battery Park Plaza, 23<sup>rd</sup> Floor, New York, New York, on November 27, 2007 at 10:00 a.m.

**We encourage you to read this joint proxy statement/prospectus carefully. In particular, you should review the matters discussed under the caption "RISK FACTORS" beginning on page 27.**

**Star Maritime's board of directors unanimously recommends that Star Maritime stockholders vote "FOR" approval of the Asset Acquisition and the Redomiciliation Merger.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or otherwise, or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

/s/ PROKOPIOS (AKIS) TSIRIGAKIS

Prokopios (Akis) Tsirigakis  
Chairman of the Board of Directors of Star Maritime Acquisition  
Corp.

Wilmington, Delaware  
November 2, 2007

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## STAR MARITIME ACQUISITION CORP.

103 Foulk Road  
Wilmington, Delaware 19803

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### Notice of Special Meeting of Star Maritime Acquisition Corp. Stockholders To Be Held on November 27, 2007

To Star Maritime Stockholders:

A special meeting of stockholders of Star Maritime Acquisition Corp., a Delaware corporation, or Star Maritime, will be held at the offices of Seward & Kissel LLP, One Battery Park Plaza, 23<sup>rd</sup> Floor, New York, New York on November 27, 2007, at 10:00 a.m., for the following purposes:

1. To consider and vote upon a proposal to approve and authorize the acquisition of eight drybulk carriers by Star Bulk Carriers Corp., or Star Bulk, a wholly-owned Marshall Islands subsidiary of Star Maritime, from certain wholly-owned subsidiaries of TMT Co., Ltd., or TMT, pursuant to definitive agreements, for an aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of the Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments, which we refer to as the Asset Acquisition. Star Maritime has also entered into related agreements with TMT in connection with the Asset Acquisition;
2. To consider and vote upon a proposal to approve and authorize the merger, which we refer to as the Redomiciliation Merger, pursuant to the Agreement and Plan of Merger, dated March 14, 2007, by and between Star Maritime and its wholly-owned Marshall Islands subsidiary, Star Bulk Carriers Corp., or Star Bulk, whereby Star Maritime will merge with and into Star Bulk, with Star Bulk as the surviving corporation. As a result of the Redomiciliation Merger: (i) the separate corporate existence of Star Maritime will cease; (ii) each share of Star Maritime common stock, par value \$0.0001 per share, will be converted into the right to receive one share of Star Bulk common stock, par value \$0.01 per share; and (iii) each outstanding warrant of Star Maritime will be assumed by Star Bulk with the same terms and restrictions, except that each will be exercisable for common stock of Star Bulk, all as more particularly described in the joint proxy statement/prospectus. The approval of the Asset Acquisition is conditioned upon the approval of the Redomiciliation Merger. Star Bulk cannot complete the Asset Acquisition unless the Redomiciliation Merger is approved and completed; and
3. To adjourn the special meeting in the event Star Maritime has not received the requisite shareholder vote to approve the Asset Acquisition and the Redomiciliation Merger.

As of November 2, 2007, there were 29,026,924 shares of Star Maritime common stock issued and outstanding and entitled to vote. Only Star Maritime stockholders who hold shares of record as of the close of business on November 5, 2007 are entitled to vote at the special meeting or any adjournment or postponement of the special meeting. Approval of the Asset Acquisition is conditioned upon approval of the Redomiciliation Merger. Star Bulk cannot complete the Asset Acquisition unless the Redomiciliation Merger is approved and completed. Star Maritime cannot complete the Redomiciliation Merger unless: (1) the holders of at least a majority of the issued and outstanding shares of Star Maritime entitled to vote at the special meeting vote in favor of the Redomiciliation Merger; (2) holders of at least a majority of the shares of common stock issued in the initial public offering and the private placement vote in favor of the Redomiciliation Merger; and (3) holders of less than 6,600,000 shares of common stock, such number representing 33.0% of the 20,000,000 shares of Star Maritime common stock issued in the initial public offering and private placement, vote against the Redomiciliation Merger and exercise their redemption rights to have their shares redeemed for cash. Holders of shares of Star Maritime common stock have the right to redeem such shares for cash if such stockholder votes against the Redomiciliation Merger and, at the same time, demands that Star Maritime redeem such shares for cash and the Redomiciliation Merger is approved and completed. The actual per share redemption price will be calculated two business days prior to the consummation of

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the Redomiciliation Merger. The redemption price would have been \$10.39 per share, based on funds in the Trust Account as of June 30, 2007. In order to exercise redemption rights, an eligible stockholder must vote against the Redomiciliation Merger and elect to exercise redemption rights on the enclosed proxy card. If a stockholder votes against the Redomiciliation Merger but fails to properly exercise redemption rights, such stockholder will not be entitled to have its shares redeemed for cash. Any request for redemption, once made, may be withdrawn at any time up to the date of the special meeting.

Holders of Star Maritime's stock will not be entitled to any appraisal rights under the Delaware General Corporation Law in connection with the Redomiciliation Merger.

Whether or not you plan to attend the special meeting in person, please submit your proxy card without delay. Voting by proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting. If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote "against" the approval and authorization of the Asset Acquisition and the Redomiciliation Merger. You may revoke a proxy at any time before it is voted at the special meeting by executing and returning a proxy card dated later than the previous one, by attending the special meeting in person and casting your vote by ballot or by submitting a written revocation to Star Maritime at 103 Foulk Road, Wilmington, Delaware 19803, Attention: Corporate Secretary, before we take the vote at the special meeting. If you hold your shares through a bank or brokerage firm, you should follow the instructions of your bank or brokerage firm regarding revocation of proxies.

**Star Maritime's board of directors unanimously recommends that Star Maritime stockholders vote "FOR" approval of the Asset Acquisition and the Redomiciliation Merger.**

By order of the Board of Directors,

/s/ PROKOPIOS (AKIS) TSIRIGAKIS

Prokopios (Akis) Tsirigakis  
Chairman of the Board of Directors of Star Maritime Acquisition Corp.

Wilmington, Delaware  
November 2, 2007

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<b>UNTIL DECEMBER 12, 2007, ALL DEALERS EFFECTING TRANSACTIONS IN THESE SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS IS IN ADDITION TO THE OBLIGATION OF DEALERS TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS</b>	

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Appendix A	Memorandum of Agreement relating to the A Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and A Duckling Corporation, as seller.
Appendix B	Memorandum of Agreement relating to the B Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and B Duckling Corporation, as seller.
Appendix C	Memorandum of Agreement relating to the C Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and C Duckling Corporation, as seller.
Appendix D	Memorandum of Agreement relating to the F Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and F Duckling Corporation, as seller.
Appendix E	Memorandum of Agreement relating to the G Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and G Duckling Corporation, as seller.
Appendix F	Memorandum of Agreement relating to the I Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and I Duckling Corporation, as seller.
Appendix G	Memorandum of Agreement relating to the J Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and J Duckling Corporation, as seller.
Appendix H	Memorandum of Agreement relating to the Mommy Duckling dated January 12, 2007 between Star Bulk Carriers Corp., as buyer, and Mommy Management Corporation, as seller.
Appendix I	Supplemental Agreement, dated January 12, 2007.
Appendix J	Master Agreement, dated January 12, 2007.
Appendix K	Agreement and Plan of Merger by and among Star Bulk Carriers Corp. and Star Maritime Acquisition Corp.
Appendix L	Form of Proxy.

**QUESTIONS AND ANSWERS ABOUT THE STAR MARITIME SPECIAL MEETING**

**Q:**  
**What is the purpose of this document?**

**A:**  
This document serves as Star Maritime's proxy statement and as the prospectus of Star Bulk. As a proxy statement, this document is being provided to Star Maritime stockholders because the Star Maritime board of directors is soliciting their proxies to vote to approve, at a special meeting of stockholders, (i) the acquisition of eight drybulk carriers by Star Bulk, a wholly-owned Marshall Islands subsidiary of Star Maritime, from certain wholly-owned subsidiaries of TMT pursuant to definitive agreements, for an aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments; and (ii) the merger of Star Maritime with and into Star Bulk, with Star Bulk as the surviving corporation. The approval of the Asset Acquisition is conditioned upon the approval of the Redomiciliation Merger. As a prospectus, Star Bulk is providing this document to Star Maritime stockholders because Star Bulk is offering its shares in exchange for shares of Star Maritime common stock and Star Bulk is assuming the outstanding warrants of Star Maritime in the Redomiciliation Merger. The registration statement on Form F-1/F-4 of which this joint proxy statement/prospectus is a part is being filed by Star Bulk to register the shares being offered in exchange for shares of Star Maritime, the 20,000,000 warrants of Star Maritime that will be assumed by Star Bulk, the 20,000,000 shares of Star Bulk common stock issuable upon exercise of such warrants and to register an additional 14,144,607 shares of common stock that Star Bulk will issue to TMT or subsequently to TMT's affiliates in respect of the stock consideration portion of the aggregate purchase price of the vessels in the initial fleet. The shares of common stock that Star Bulk will issue in exchange for shares of Star Maritime are referred to herein as the Merger Consideration.

**Q:**  
**What matters will we be asked to vote on at the Star Maritime special meeting?**

**A:**  
There are three proposals on which you are being asked to vote. At the special meeting, you will be asked to consider and vote upon a proposal to approve and authorize (i) the acquisition of eight drybulk carriers by Star Bulk, a wholly-owned Marshall Islands subsidiary of Star Maritime, from certain wholly-owned subsidiaries of TMT pursuant to definitive agreements, for an aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments; (ii) the merger of Star Maritime with and into Star Bulk, with Star Bulk as the surviving corporation and (iii) to approve the adjournment of the special meeting in order to solicit additional proxies in the event that Star Maritime has not obtained the requisite shareholder approval of the Asset Acquisition and the Redomiciliation Merger. As a result of the Redomiciliation Merger (i) the separate corporate existence of Star Maritime will cease; (ii) each outstanding share of Star Maritime common stock, par value \$0.0001 per share, will be converted into the right to receive one share of Star Bulk common stock, par value \$0.01 per share; and (iii) each outstanding warrant of Star Maritime will be assumed by Star Bulk with the same terms and restrictions, except that each will be exercisable for common stock of Star Bulk. Approval of the Asset Acquisition is conditioned upon approval of the Redomiciliation Merger. Star Maritime cannot complete the Asset Acquisition unless the Redomiciliation Merger is approved and completed.

**Q:**  
**Could you tell me more about the definitive agreements to acquire the vessels?**

**A:**  
Star Bulk will acquire the fleet of eight drybulk carriers pursuant to separate memoranda of agreement, which we collectively refer to as the MOAs, by and between Star Bulk and the vessel-owning subsidiaries of TMT, each as supplemented by a Supplemental Agreement by and among Star Maritime, Star Bulk and TMT, and a Master Agreement by and among Star Maritime, Star



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Bulk and TMT. We refer to the MOAs, the Supplemental Agreement and the Master Agreement collectively as the Acquisition Agreements. The acquisition of the vessels by Star Bulk is contingent upon, among other things, the approval and consummation of the Redomiciliation Merger. Copies of the MOAs are attached to this joint proxy statement/prospectus as Appendices A-H. A copy of the Supplemental Agreement is attached to this joint proxy statement/prospectus as Appendix I. A copy of the Master Agreement is attached to this joint proxy statement/prospectus as Appendix J.

**Q:**

**Could you tell me more about the parties to the Acquisition Agreements?**

**A:**

Star Maritime was organized under the laws of the State of Delaware on May 13, 2005 and is a Business Combination Company, or BCC, which is a blank check company formed to acquire, through a merger, capital stock exchange, asset acquisition or similar business combination, one or more target businesses in the shipping industry. A target business includes one or more entities with agreements to acquire vessels or an operating business in the shipping industry. Following our formation, our officers and directors were the holders of 9,026,924 shares of common stock representing all of our then issued and outstanding capital stock. On December 21, 2005, we consummated our initial public offering of 18,867,500 units, at a price of \$10.00 per unit, each unit consisting of one share of Star Maritime common stock and one warrant to purchase one share of Star Maritime common stock. In addition, we completed a private placement of an aggregate of 1,132,500 units, each unit consisting of one share of common stock and one warrant, to Messrs. Tsirigakis and Syllantavos, our senior executive officers and Messrs. Pappas and Erhardt, two of our directors. As of October 29, 2007 the aggregate value of such securities was \$25,073,550. The gross proceeds of the private placement of \$11,325,500 were used to pay all fees and expenses of the initial public offering. As a result, the entire gross proceeds of the initial public offering of \$188,675,000 were deposited in a trust account maintained by American Stock Transfer & Trust Company, as trustee, which we refer to as the Trust Account. If we do not complete the Redomiciliation Merger or another business combination transaction with a target business by December 21, 2007, we will be liquidated and we will distribute to all holders of our shares issued in the initial public offering in proportion to their respective equity interests, an aggregate sum equal to the amount in the Trust Account, including any interest (net of any taxes payable) not previously released to us, plus any remaining net assets. Our officers and directors have agreed to waive their respective rights to participate in any liquidation distribution should we fail to consummate a business combination transaction with respect to the aggregate of 9,026,924 shares of common stock issued to them prior to our initial public offering and with respect to the aggregate of 1,132,500 shares of common stock acquired by certain of our officers and directors in the private placement. In the event of our liquidation, we would not distribute funds from the Trust Account with respect to the Star Maritime warrants, which would expire worthless.

Star Bulk is a recently formed wholly-owned Marshall Islands subsidiary of Star Maritime and is headquartered in Athens, Greece. Pursuant to the Acquisition Agreements, following the Redomiciliation Merger, Star Bulk will acquire a fleet of eight drybulk carriers from certain subsidiaries of TMT. The eight drybulk carriers that Star Bulk has agreed to purchase constitute 12% of TMT's fleet of 63 vessels, including 22 newbuildings. Following the effective date of the Redomiciliation Merger, TMT and its affiliates are expected to own between 30.2% and 35.9% of the outstanding common stock of Star Bulk, depending on the number of shares of Star Maritime common stock redeemed for cash. See "Description of Star Maritime Securities - Common Stock." Star Bulk has applied to have its shares of common stock and warrants listed on the Nasdaq Global Market under the symbols "SBLK" and "SBLKW" respectively.

TMT is a global shipping company with its management headquarters located in Taiwan. TMT has approximately 50 years of experience in the shipping industry. TMT owns and/or operates or

invests in vessels in several shipping sectors, including crude oil tankers, drybulk carriers and liquefied natural gas, or LNG, carriers.

**Q:**  
**When and where is the special meeting of Star Maritime stockholders?**

**A:**  
The special meeting of Star Maritime stockholders will take place at the offices of Seward & Kissel LLP, One Battery Park Plaza, 23rd Floor, New York, New York, on November 27, 2007, at 10:00 a.m.

**Q:**  
**Who may vote at the special meeting?**

**A:**  
Only holders of record of shares of Star Maritime common stock as of the close of business on November 5, 2007 may vote at the special meeting. As of November 2, 2007, there were 29,026,924 shares of Star Maritime common stock outstanding and entitled to vote.

**Q:**  
**What is the required vote to approve and authorize the Asset Acquisition?**

**A:**  
The Asset Acquisition must be approved by the holders of a majority of the issued and outstanding shares of common stock of Star Maritime. Adoption and approval of the Asset Acquisition is conditioned upon the adoption and approval of the Redomiciliation Merger. Star Bulk cannot complete the Asset Acquisition unless the Redomiciliation Merger is adopted and approved.

**Q:**  
**What is the required vote to approve and authorize the Redomiciliation Merger?**

**A:**  
The Delaware General Corporation Law requires that the Redomiciliation Merger must be approved by the holders of a majority of the issued and outstanding shares of common stock of Star Maritime.

In addition, the Redomiciliation Merger must be approved by the holders of at least a majority of the shares of common stock issued in the initial public offering and the private placement, or 10,000,001 shares. Star Maritime may not complete a business combination if the holders of 33% or more of the shares of common stock issued in the initial public offering and the private placement elect to exercise redemption rights in connection with the transaction. A vote in favor of the Redomiciliation Merger is, in effect, a vote in favor of Star Bulk's acquisition of the vessels from TMT.

Messrs. Tsirigakis and Syllantavos, our senior executive officers, and Messrs. Pappas and Erhardt, two of our directors, have agreed to vote an aggregate of 1,132,500 shares of Star Maritime common stock acquired by them in the private placement, which represents 3.9% of Star Maritime's outstanding common stock and 5.7% of the shares issued in the initial public offering and private placement, and any shares of Star Maritime common stock they may acquire in the future in favor of the Redomiciliation Merger and thereby waive redemption rights with respect to such shares. Star Maritime's officers and directors intend to consider the following factors in determining whether to make future purchases of Star Maritime common stock: (i) the trading price of our common stock, (ii) their aggregate investment in our securities, (iii) whether it appears that a substantial number of public stockholders are voting against the proposed Redomiciliation Merger and Asset Acquisition, and (iv) their post-transaction interest in Star Bulk and its business. Because any shares of our common stock acquired by our officers and directors in the aftermarket will be voted in favor of the Redomiciliation Merger and the Asset Acquisition, any such purchases could influence the result of the vote of our shareholders with respect to the Redomiciliation Merger and Asset Acquisition by making it more likely that the Redomiciliation Merger and Asset Acquisition would be approved. In addition, given the interest that our officers and directors have in the Redomiciliation Merger and Asset Acquisition being consummated, it is possible that our officers and directors will acquire securities from public stockholders who have elected to redeem their shares of our common stock in order to change their vote and insure that the Redomiciliation Merger and Asset Acquisition will be approved (which could result in the Redomiciliation Merger and Asset Acquisition being approved even if 33% or more of our public

stockholders would have elected to exercise their redemption rights, or 51% of our public stockholders would have voted against the Redomiciliation Merger and Asset Acquisition, but for the purchases made by our officers and directors). Since the private placement on December 15, 2005, Star Maritime's officers and directors have not purchased additional shares of common stock and do not intend to purchase additional shares of common stock prior to the Redomiciliation Merger.

All of Star Maritime's officers and directors have agreed to vote an aggregate of 9,026,924 shares of Star Maritime common stock issued to them prior to our initial public offering in accordance with the vote of the holders of a majority of the shares issued in our initial public offering. Our officers and directors have agreed to waive their respective rights to participate in any liquidation distribution should we fail to consummate a business combination transaction with respect to the aggregate of 9,026,924 shares of common stock issued to them prior to our initial public offering and with respect to the aggregate of 1,132,500 shares of common stock acquired by certain of our officers and directors in the private placement.

Star Maritime will not be able to complete the Redomiciliation Merger unless (1) the holders of at least a majority of the issued and outstanding shares of Star Maritime entitled to vote at the special meeting vote in favor of the Redomiciliation Merger; (2) holders of at least 10,000,001 shares of common stock issued in the initial public offering and the private placement vote in favor of the Redomiciliation Merger; and (3) holders of less than 6,600,000 shares of common stock, such number representing 33.0% of the 20,000,000 shares of Star Maritime common stock issued in the initial public offering and private placement, vote against the Redomiciliation Merger and exercise their redemption rights to have their shares redeemed for cash. In order to exercise redemption rights, an eligible stockholder must vote against the Redomiciliation Merger and elect to exercise redemption rights on the enclosed proxy card. If a stockholder votes against the Redomiciliation Merger but fails to properly exercise redemption rights, such stockholder will not be entitled to have its shares redeemed for cash. Any request for redemption, once made, may be withdrawn at any time up to the date of the special meeting. The actual per share redemption price will be calculated two business days prior to the consummation of the Redomiciliation Merger. The redemption price would have been \$10.39 per share, based on funds in the Trust Account as of June 30, 2007.

**Q:**  
**Has the board of directors of Star Maritime approved the Asset Acquisition?**

**A:**  
Yes. Star Maritime's board of directors has unanimously approved and recommended to the stockholders that they vote "**FOR**" the approval of the Asset Acquisition at the special meeting.

**Q:**  
**Has the board of directors of Star Maritime recommended approval of the Redomiciliation Merger?**

**A:**  
Yes. Star Maritime's board of directors has unanimously recommended to its stockholders that they vote "**FOR**" the approval and authorization of the Redomiciliation Merger at the special meeting. For various shipping regulatory and tax reasons, the Republic of the Marshall Islands is an attractive country of incorporation for international shipping companies. The merger of Star Maritime with and into Star Bulk with Star Bulk as the surviving corporation will enable Star Bulk, which will be an operating company, to benefit from such advantages. Please read "Background and Reasons for the Merger Recommendations of the Board of Directors" for a discussion of the factors that the Star Maritime's board of directors considered in deciding to recommend the approval and authorization of the Redomiciliation Merger.

**Q:**  
**What will I receive in the Redomiciliation Merger?**

**A:**  
Pursuant to the Merger Agreement, each outstanding share of Star Maritime common stock will be converted into the right to receive one share of Star Bulk common stock and each outstanding

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warrant of Star Maritime will be assumed by Star Bulk and contain the same terms and restrictions except that each will be exercisable for common stock of Star Bulk.

**Q:**

**When will Star Bulk take delivery of the vessels in the initial fleet?**

**A:**

On the effective date of the Redomiciliation merger, at least one vessel will be delivered to Star Bulk. Star Bulk expects to take delivery of the remaining vessels in the initial fleet within 60 days following the effective date of the Redomiciliation Merger.

**Q:**

**What are the tax consequences of the Redomiciliation Merger to me?**

**A:**

In the opinion of Seward & Kissel LLP, counsel to Star Maritime, a holder of Star Maritime stock or warrants will not recognize any taxable gain or loss as a result of the Redomiciliation Merger.

**Q:**

**What are the tax consequences of the Redomiciliation Merger to Star Maritime and Star Bulk?**

**A:**

In the opinion of Seward & Kissel LLP, counsel to Star Maritime, upon completion of the Redomiciliation Merger and issuance of Star Bulk shares to TMT, the stockholders of Star Maritime will own less than 80% of Star Bulk. In the opinion of Seward & Kissel LLP, Star Bulk should not be subject to Section 7874(b) of the U.S. Internal Revenue Code of 1986, as amended, or the Code, after the Redomiciliation Merger if, as it believes should be the case, the Redomiciliation Merger and the subsequent issuance of Star Bulk shares to TMT are treated as part of a single Plan or Series of related transactions, and therefore should not be subject to U.S. federal income tax as a U.S. domestic corporation on its worldwide income after the Redomiciliation Merger. However, Star Maritime has not sought a ruling from the U.S. Internal Revenue Service, or the IRS, on this point. Therefore, there is no assurance that the IRS would not seek to assert that Star Bulk is subject to U.S. federal income tax on its worldwide income after the Redomiciliation Merger, although Star Maritime believes that such an assertion would not be successful.

Even if Section 7874(b) of the Code does not apply to a transaction, Section 7874(a) of the Code, or Section 7874(a), provides that where a corporation organized outside the United States acquires substantially all of the assets of a corporation organized in the United States, the corporation whose assets are being acquired will be subject to U.S. federal income tax on its "inversion gain" if stockholders of the U.S. corporation whose assets are being acquired own at least 60% of the non-U.S. acquiring corporation after the acquisition. "Inversion gain" includes any gain from the transfer of the properties by the corporation organized in the United States to the corporation organized outside the United States as well as certain licensing income. See "Tax Considerations."

**Q:**

**What if I object to the Redomiciliation Merger?**

**A:**

Under Star Maritime's Certificate of Incorporation, holders of shares of Star Maritime common stock have the right to redeem such shares for cash if such stockholder votes against the Redomiciliation Merger, elects to exercise redemption rights and the Redomiciliation Merger is approved and completed. In order to exercise redemption rights, an eligible stockholder must vote against the Redomiciliation Merger and elect to exercise redemption rights on the enclosed proxy card. If a stockholder votes against the Redomiciliation Merger but fails to properly exercise redemption rights, such stockholder will not be entitled to have its shares redeemed for cash. Stockholders exercising redemption rights will be entitled to receive, for each share of common stock redeemed, the pro rata portion of the Trust Account in which the proceeds of the Company's initial public offering are held, plus interest earned thereon (net of taxes). The redemption price would have been \$10.39 per share, based on funds in the Trust Account as of June 30, 2007. If you exercise your redemption rights, then you will be exchanging your shares of Star Maritime's common stock for cash and will no longer own these shares. You will only be entitled to receive cash for these shares if you continue to hold these shares through the effective date of the Redomiciliation Merger and then tender your stock certificate to Star Maritime. If the

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Redomiciliation Merger is not completed, then these shares will not be redeemed for cash. A stockholder who exercises redemption rights will continue to own any warrants to acquire Star Maritime common stock owned by such stockholder as such warrants will remain outstanding and unaffected by the exercise of redemption rights. See "Description of Star Maritime Securities Common Stock."

**Q:**  
**How can I vote?**

**A:**  
Please vote your shares of Star Maritime common stock as soon as possible after carefully reading and considering the information contained in this joint proxy statement/prospectus. You may vote your shares prior to the special meeting by signing and returning the enclosed proxy card. If you hold your shares in "street name" (which means, in other words, that you hold your shares through a bank, brokerage firm or nominee), you must vote in accordance with the instructions on the voting instruction card that your bank, brokerage firm or nominee provides to you.

**Q:**  
**If my shares are held in "street name" by my bank, brokerage firm or nominee, will they automatically vote my shares for me?**

**A:**  
No. Your bank, brokerage firm or nominee cannot vote your shares without instructions from you. You should instruct your bank, brokerage firm or nominee how to vote your shares, following the instructions contained in the voting instruction card that your bank, brokerage firm or nominee provides to you.

**Q:**  
**What if I abstain from voting or fail to instruct my bank, brokerage firm or nominee?**

**A:**  
Abstaining from voting or failing to instruct your bank, brokerage firm or nominee to vote your shares will have the same effect as a vote "against" the Redomiciliation Merger.

**Q:**  
**Can I change my vote after I have mailed my proxy card?**

**A:**  
Yes. You may change your vote at any time before your proxy is voted at the special meeting. You may revoke your proxy by executing and returning a proxy card dated later than the previous one, by attending the special meeting in person and casting your vote by ballot or by submitting a written revocation stating that you would like to revoke your proxy. If you hold your shares through a bank, brokerage firm or nominee, you should follow the instructions of your bank, brokerage firm or nominee regarding the revocation of proxies. You should send any notice of revocation or your completed new proxy card, as the case may be, to:

**Star Maritime Acquisition Corp.**  
**103 Foulk Road**  
**Wilmington, Delaware 19803**  
**Attention: Corporate Secretary**

**Q:**  
**Should I send in my stock certificates now?**

**A:**  
No. After we complete the Redomiciliation Merger, you will receive written instructions for returning your stock certificates. These instructions will tell you how and where to send in your stock certificates in order to receive the Merger Consideration. Star Maritime shareholders who intend to have their shares redeemed, by electing to have those shares redeemed for cash on the proxy card at the same time they vote against the Redomiciliation Merger, should not send their certificate now, but should do so only after the effective date of the Redomiciliation Merger.

**Q:**  
**When is the Redomiciliation Merger expected to occur?**

**A:**  
Assuming the requisite the stockholder vote, we expect that the Redomiciliation Merger will occur during the fourth quarter of 2007. Our Certificate of Incorporation provides that if we have entered into definitive agreements to effect a business combination prior to

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June 21, 2007, we must consummate such business combination by December 21, 2007. Our agreements with TMT qualify as definitive agreements for these purposes.

**Q: May I seek statutory appraisal rights with respect to my shares?**

**A:** Under applicable Delaware law, you do not have appraisal rights with respect to your shares.

**Q: What happens if the Redomiciliation Merger is not consummated?**

**A:** The acquisition of the eight drybulk carriers from TMT is contingent upon the approval and consummation of the Redomiciliation Merger. If Star Maritime does not consummate the Redomiciliation Merger or another transaction with a target business by December 21, 2007, then pursuant to Article SIX of its Certificate of Incorporation, Star Maritime's officers must take all actions necessary in accordance with the Delaware General Corporation Law to dissolve and liquidate Star Maritime within 60 days of that date. Following dissolution, Star Maritime would no longer exist as a corporation. In any liquidation, the funds held in the Trust Account, plus any interest earned thereon (net of taxes), together with any remaining out-of-trust net assets will be distributed pro-rata to holders of shares of Star Maritime common stock who acquired such shares of common stock in Star Maritime's initial public offering or in the aftermarket. The estimated consideration that each share of Star Maritime common stock would be paid at liquidation would be \$10.39 per common share, based on amounts on deposit in the Trust Account as of June 30, 2007. The closing price of Star Maritime's common stock on the American Stock Exchange ("AMEX") on October 29, 2007 was \$15.34 per share. Holders of shares issued prior to our initial public offering including holders of shares purchased in the private placement have waived any right to any liquidation distribution with respect to such shares. Liquidation and dissolution of Star Maritime would be effected pursuant to Delaware law, which would cause a delay in the distribution of proceeds. The proceeds distributed from the Trust Account may be reduced if a third party successfully asserts a claim against Star Maritime or one of its subsidiaries.

**Q: What happens post-Redomiciliation Merger to the funds deposited in the Trust Account?**

**A:** Following the approval of the Redomiciliation Merger by Star Maritime stockholders, funds in the Trust Account will be released to Star Maritime. Star Maritime stockholders exercising redemption rights will receive their pro rata portion of the Trust Account. The balance of the funds will be utilized to fund a portion of the cash portion of the aggregate purchase price for the eight dry bulk carriers in the initial fleet. As of June 30, 2007 the amount of funds from the Trust Account that will remain to be applied for the cash portion of the aggregate purchase price will be \$196,084,213 if no shareholders redeem and \$127,510,223 if the maximum 32.99% of shareholders redeem assuming a redemption price of \$10.39.

**Q: What other important considerations are there?**

**A:** You should also be aware that in pursuing the Redomiciliation Merger, Star Maritime has incurred substantial expenses. Star Maritime currently has limited available funds outside the Trust Account and will, therefore, not be required to borrow funds or make arrangements with vendors and service providers in reliance on the expectation that such expenses will be paid by Star Bulk following consummation of the Redomiciliation Merger. Star Bulk intends to drawdown amounts under its credit facility sufficient to fund the balance of the cash portion of the aggregate purchase price of the vessels in the initial fleet to the extent that funds in the Trust Account are used to pay redeeming stockholders. In connection with the acquisition of the eight drybulk carriers, Star Bulk expects to borrow approximately \$40.0 million if no shareholders redeem and approximately an additional \$70.0 million if 32.99% of the shareholders redeem up to a maximum of \$120.0 million. If for any reason the Redomiciliation Merger is not consummated, Star Maritime's creditors may seek to satisfy their claims from funds in the Trust Account. This could result in further depletion of the Trust Account, which would reduce a stockholder's pro rata portion of the Trust Account upon liquidation. As of the date of this joint proxy statement/prospectus, there are no creditor claims against Star Maritime or Star Bulk.

**Q:**  
**Who will manage Star Bulk?**

**A:**  
Messrs. Tsirigakis and Syllantavos, who currently serve as the Chief Executive Officer and director and Chief Financial Officer and director of Star Maritime, respectively, will serve in these roles at Star Bulk following the Redomiciliation Merger. In addition, Messrs. Pappas, Erhardt and Sjøfteland, who currently serve as directors of Star Maritime, as well as Messrs. Nobu Su and Peter Espig, each of whom are nominees of TMT, will serve as directors of Star Bulk.

**Q:**  
**What is the anticipated dividend policy of Star Bulk?**

**A:**  
Star Bulk currently intends to pay quarterly dividends to the holders of its common shares in February, May, August and November, in amounts that will allow it to retain a portion of its cash flows to fund vessel or fleet acquisitions, and for debt repayment and other corporate purposes, as determined by its management and board of directors. Star Bulk intends to pay a dividend of \$0.325 per share for the first full operating quarter following the Redomiciliation Merger. Star Bulk intends to pay a partial dividend in February 2008 which it estimates will be in an amount of \$0.325 per common share pro rated for the number of ownership days during the fourth quarter of 2007. The payment of dividends is not guaranteed or assured and may be discontinued at the sole discretion of Star Bulk's board of directors and may not be paid in the anticipated amounts and frequency set forth in this joint proxy statement/prospectus. Star Bulk's board of directors will continually review its dividend policy and make adjustments that it believes appropriate. See "Dividend Policy of Star Bulk."



**SUMMARY**

*This summary highlights selected information from this joint proxy statement/prospectus but may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire joint proxy statement/prospectus, including eight Memoranda of Agreement attached as Appendix A through Appendix H, the Supplemental Agreement attached as Appendix I, the Master Agreement attached as Appendix J and the Agreement and Plan of Merger attached as Appendix K. Please read these documents carefully as they are the legal documents that govern the Redomiciliation Merger and your rights in the Redomiciliation Merger. We have included page references in parentheses to direct you to a more detailed description of the items presented in this summary. Unless the context otherwise requires, references to "we," "us" or "our" refers to Star Maritime.*

**The Parties to the Redomiciliation Merger** (page 67)

Star Maritime Acquisition Corp.  
103 Foulk Road  
Wilmington, Delaware 19803  
Telephone: (302) 656-1950

Star Maritime is a blank check company, also known as a Business Combination Company , or BCC , organized under the laws of the State of Delaware on May 13, 2005. "Business Combination Company " and "BCC " are service marks of Maxim Group LLC. Star Maritime was formed to acquire, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more target businesses in the shipping industry. On December 15, 2005, Star Maritime consummated a private placement whereby certain of Star Maritime's officers and directors purchased an aggregate of 1,132,500 units at a purchase price of \$10.00 per unit. On December 21, 2005, Star Maritime completed an initial public offering of 18,867,500 units at a purchase price of \$10.00 per unit. Each unit consisted of one share of Star Maritime's common stock and one warrant. Each warrant entitles the holder to purchase one share of Star Maritime's common stock at an exercise price of \$8.00 per share. Star Maritime's common stock and warrants currently trade on the American Stock Exchange under the symbols SEA and SEA.WS, respectively. Other than activities incident to its initial public offering and the pursuit of a business combination, Star Maritime has not engaged in any operations to date. If Star Maritime does not consummate the Redomiciliation Merger or another a business combination by December 21, 2007, then, pursuant to Article SIXTH of its Certificate of Incorporation, Star Maritime's officers must take all actions necessary in accordance with the Delaware General Corporation Law to dissolve and liquidate Star Maritime within 60 days of that date.

Star Bulk Carriers Corp.  
40 Ag. Konstantinou Avenue  
Aethrion Center, Suite B34  
Maroussi 15124  
Athens, Greece  
Telephone: 011-30-210-638-7399

Star Bulk is a wholly-owned Marshall Islands subsidiary of Star Maritime incorporated on December 13, 2006 with no history of operations, and is headquartered in Athens, Greece. Pursuant to the Acquisition Agreements, following the Redomiciliation Merger, Star Bulk will acquire a fleet of eight drybulk carriers from certain subsidiaries of TMT. Following the effective date of the Redomiciliation Merger, TMT and its affiliates are expected to own between 30.2% and 35.9% of the outstanding common stock of Star Bulk, depending on the number of shares redeemed for cash. See "Description of Star Maritime Securities Common Stock."

Mr. Akis Tsigirakis, the Chairman, Chief Executive Officer and President of Star Maritime, will serve as the Chief Executive Officer and President of Star Bulk. Mr. George Syllantavos, the Chief

Financial Officer of Star Maritime will serve as the Chief Financial Officer of Star Bulk. The board of directors of Star Bulk will be comprised of seven directors. Each of the five current directors of Star Maritime will serve as directors of Star Bulk. In addition, Mr. Nobu Su and Mr. Peter Espig, each nominees of TMT, will serve as directors of Star Bulk. Mr. Petros Pappas and Mr. Nobu Su will each serve as non-executive Co-Chairman.

Star Bulk has applied to have its shares of common stock and warrants listed on the Nasdaq Global Market under the symbols "SBLK" and "SBLKW" respectively.

**The Seller of the Vessels in the Initial Fleet** (page 61)

TMT Co., Ltd.  
12 Floor 167 FU HSIN NORTH ROAD  
Taipei 105  
Taiwan, Republic of China  
Attention: Corporate Secretary  
011 886 2 221750229

Star Bulk has entered into definitive agreements to acquire the eight drybulk carriers from subsidiaries of TMT. TMT is a global shipping company with its management headquarters located in Taiwan. TMT has approximately 50 years of experience in the shipping industry. TMT owns through companies registered in Panama and/or operates or invests in vessels in several shipping sectors, including crude oil tankers, drybulk carriers and liquified natural gas, or LNG, carriers.

**The Redomiciliation Merger** (page 67)

Subject to the terms and conditions of the Merger Agreement, Star Maritime will merge with and into Star Bulk, a corporation organized under the laws of the Republic of the Marshall Islands, the separate corporate existence of Star Maritime will cease and Star Bulk will be the surviving corporation.

Star Bulk has entered into definitive agreements to acquire a fleet of eight drybulk carriers with a combined cargo-carrying capacity of approximately 691,000 dwt. from certain subsidiaries of TMT. We refer to these eight drybulk carriers as the initial fleet. The aggregate purchase price for the initial fleet is \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments. Such shares of common stock will be issued concurrently with the Redomiciliation Merger to TMT, as agent for its vessel-owning subsidiaries. Star Maritime has also entered into related agreements with TMT in connection with the acquisition of the vessels. Under the Master Agreement, Star Maritime, in connection with Star Bulk's acquisition of the vessels from TMT, undertook to use commercially reasonable efforts to file a registration/proxy statement with the Securities and Exchange Commission, or SEC, to obtain shareholder approval for the Redomiciliation Merger and to comply, and cause Star Bulk to comply, with all applicable rules and regulations of the SEC, and to obtain on behalf of itself, Star Bulk and TMT all approvals, consents, exemptions, or authorizations from such governmental agencies or authorities as may be necessary in order to effect the merger and transactions contemplated by the Master Agreement, the Supplemental Agreement, and the MOAs. Star Maritime is also a party to the Supplemental Agreement. The purpose of the Supplemental Agreement, generally, is to provide for the timing of the delivery of, and payment of the consideration for, the vessels as provided for under the MOAs. If the Redomiciliation Merger is not approved by the requisite vote of the stockholders of Star Maritime, the MOAs and the Supplemental Agreement shall be deemed terminated, cancelled and of no further force and effect.

In connection with the acquisition of the vessels in the initial fleet, Star Bulk has also agreed to issue to TMT or its nominated affiliates, additional shares of Star Bulk common stock, which we refer

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to as the Additional Stock. Specifically, Star Bulk will issue (i) 803,481 additional shares of Star Bulk's common stock, no more than 10 business days following Star Bulk's filing of its Annual Report on Form 20-F for the fiscal year ended December 31, 2007, and (ii) 803,481 additional shares of Star Bulk's common stock, no more than 10 business days following Star Bulk's filing of its Annual Report on Form 20-F for the fiscal year ended December 31, 2008.

Following the effective date of the Redomiciliation Merger, TMT and its affiliates are expected to own between 30.2% and 35.9% of Star Bulk's outstanding common stock, depending on the number of shares redeemed for cash. After giving effect to the issuance of the Additional Stock, TMT and its affiliates are expected to own between 32.8% and 38.7% of Star Bulk's outstanding common stock, depending on the number of shares redeemed for cash.

The following chart illustrates the share ownership of Star Maritime prior to the Redomiciliation Merger and of Star Bulk following the Redomiciliation Merger.

Upon issuance of the Additional Stock of 1,606,962 shares to TMT the breakdown of share ownership Post-Merger, assuming no redemptions, will be:

Total 43,171,530 shares, Public : 43.7% - 18,867,500 shares, TMT : 32.8% - 14,144,607 shares, Sponsors : 23.5% - 10,159,424 shares

### **Redemption Rights** (page 48)

As provided in Star Maritime's Certificate of Incorporation, holders of Star Maritime common stock have the right to redeem their shares for cash by voting against the Redomiciliation Merger and electing to have such shares redeemed for cash. The exercise of redemption rights must be made on the proxy card at the same time that the stockholder votes against the Redomiciliation Merger. With respect to each share of common stock for which stockholders have exercised redemption rights, Star Maritime will redeem each such share for a pro rata portion of the Trust Account in which the



proceeds of Star Maritime's initial public offering are held, plus interest earned thereon. As of June 30, 2007 the amount of funds from the Trust Account that will remain to be applied for the cash portion of the aggregate purchase price will be \$196,084,213 if no shareholders redeem and \$127,510,223 if the maximum 32.99% of shareholders redeem assuming a redemption price of \$10.39. The actual per share redemption price will be calculated within two business days of the consummation of the Redomiciliation Merger. If you exercise your redemption rights, then you will be exchanging your shares of Star Maritime common stock for cash and will no longer own these shares. You will only be entitled to receive cash for these shares if you continue to hold these shares through the effective date of the Redomiciliation Merger and then tender your stock certificate to Star Bulk. If the Redomiciliation Merger is not completed, then these shares will not be redeemed for cash. A stockholder who exercises redemption rights will continue to own any warrants to acquire Star Maritime common stock owned by such stockholder as such warrants will remain outstanding and unaffected by the exercise of redemption rights.

The approval of the Asset Acquisition is conditioned upon the approval of the Redomiciliation Merger. Star Bulk cannot complete the Asset Acquisition unless the Redomiciliation Merger is approved and completed. Star Maritime cannot complete the Redomiciliation Merger unless (1) the holders of at least a majority of the issued and outstanding shares of Star Maritime entitled to vote at the special meeting vote in favor of the Redomiciliation Merger; (2) holders of at least a majority of the shares of common stock issued in the initial public offering and the private placement vote in favor of the Redomiciliation Merger; and (3) holders of less than 6,600,000 shares of common stock, such number representing 33.0% of the 20,000,000 shares of Star Maritime common stock issued in the initial public offering and private placement, vote against the Redomiciliation Merger and exercise their redemption rights to have their shares redeemed for cash. In order to exercise redemption rights, an eligible stockholder must vote against the Redomiciliation Merger and elect to exercise redemption rights on the enclosed proxy card. If a stockholder votes against the Redomiciliation Merger but fails to properly exercise redemption rights, such stockholder will not be entitled to have its shares redeemed for cash. Any request for redemption, once made, may be withdrawn at any time up to the date of the special meeting.

#### **Merger Consideration** (page 67)

Pursuant to the Merger Agreement, each outstanding share of Star Maritime common stock will be converted into the right to receive one share of Star Bulk common stock and each outstanding warrant of Star Maritime will be assumed by Star Bulk and will contain the same terms and restrictions except that each will be exercisable for common stock of Star Bulk.

#### **Procedure for Receiving Merger Consideration** (page 67)

Promptly after the effective time of the Redomiciliation Merger, an exchange agent appointed by Star Bulk will mail a letter of transmittal and instructions to Star Maritime stockholders. The letter of transmittal and instructions will tell Star Maritime stockholders how to surrender their stock certificates in exchange for the Merger Consideration. Star Maritime stockholders should not return their stock certificates with the enclosed proxy card, and they should not forward their stock certificates to the exchange agent without a letter of transmittal.

#### **The Star Maritime Special Meeting** (page 46)

The special meeting of Star Maritime stockholders will take place at the offices of Seward & Kissel LLP, One Battery Park Plaza, 23rd Floor, New York, New York on November 27, 2007, at 10 a.m.

#### **Quorum, Record Date and Voting** (page 46)

A quorum of Star Maritime's stockholders is necessary to hold a valid meeting. A quorum will be present at the Star Maritime special meeting if a majority of the issued and outstanding shares of Star Maritime's common stock entitled to vote at the meeting are present in person or by proxy.

Abstentions and broker non-votes will count as present for the purpose of establishing a quorum. Only holders of record of shares of Star Maritime common stock as of the close of business on November 5, 2007 may vote at the Star Maritime special meeting. As of November 2, 2007, there were 29,026,924 shares of Star Maritime common stock outstanding and entitled to vote. Holders of shares of Star Maritime common stock will have one vote for each share of Star Maritime common stock owned at the close of business on the record date. Star Maritime warrants do not have voting rights.

**Proxies** (page 47)

Proxies may be solicited by mail, telephone or in person. Star Maritime may engage a proxy solicitor to assist it in the solicitation of proxies. If you grant a proxy, you may still vote your shares in person if you revoke your proxy before the special meeting or if you attend the special meeting and vote in person. Star Maritime has engaged the services of Advantage Proxy to assist in the solicitation of proxies for the special meeting.

**Recommendations of the Boards of Directors and Reasons for the Redomiciliation Merger** (page 55)

In reaching its decision with respect to the Redomiciliation Merger, the board of directors of Star Maritime considered the various regulatory and tax advantages to operating an international shipping company domiciled in the Republic of the Marshall Islands as compared to a corporation domiciled in the United States. The board of directors has unanimously determined that it is advisable and in the best interests of Star Maritime's stockholders to merge with and into Star Bulk, a wholly-owned Marshall Islands subsidiary, with Star Bulk as the surviving corporation, which would acquire vessels and operate as an international shipping company. In reaching its decision with respect to the merger with and into Star Bulk, which has entered into definitive agreements to acquire the vessels in the initial fleet, the board of directors of Star Maritime reviewed various due diligence materials including the vessels' classification society records, records relating to the vessels' physical inspection and vessel valuations prepared by independent purchase and sale brokers recognized in the international shipping industry, as well as advice provided by its financial advisors to Star Maritime's management. The board of directors of Star Maritime has unanimously determined that the Redomiciliation Merger is advisable and in the best interests of Star Maritime's stockholders and that the aggregate purchase price of the initial fleet to be paid by Star Bulk is reasonable. Accordingly, the Star Maritime board of directors unanimously recommends that Star Maritime stockholders vote "**FOR**" the approval and authorization of the Redomiciliation Merger at the Star Maritime special meeting.

**Interests of Certain Persons in the Redomiciliation Merger** (page 58)

When you consider the recommendation of Star Maritime's board of directors that you vote in favor of approval of the Redomiciliation Merger, you should keep in mind that certain of Star Maritime's officers and directors have interests in the Redomiciliation Merger that are different from, or in addition to, your interest as a stockholder. These interests currently known to us are:

Star Maritime's officers and directors paid \$25,000 in cash for a total of 9,026,924 shares of Star Maritime common stock prior to the initial public offering. These shares, without taking into account any discount that may be associated with certain restrictions on these shares, collectively have a market value of approximately \$138,473,014 based on Star Maritime's share price of \$15.34 as of October 29, 2007. Our initial stockholders have agreed to surrender up to an aggregate of 200,000 of their shares of common stock to us for cancellation upon consummation of a business combination in the event public stockholders exercise their right to have Star Maritime redeem their shares for cash. The number of shares that our initial stockholders will surrender will be determined by calculating the dollar amount of the Trust Account (exclusive of interest) paid to redeeming stockholders above \$9.43 per share (which amount consists of \$9.23 per share attributable to such stockholders and \$0.20 per share attributable to the underwriters' deferred discount) and dividing it by \$10.00 (the value attributed to the shares for purposes of this calculation). Accordingly, for each 1,000 shares redeemed up to 3,508,772 shares, our initial

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stockholders will surrender 57 shares for cancellation. None of the 9,026,924 shares issued prior to the initial public offering to these individuals may be released from escrow until December 15, 2008 during which time the value of the shares may increase or decrease; however, since such shares were acquired for \$0.003 per share, the holders are likely to benefit from the Redomiciliation Merger notwithstanding any decrease in the market price of the shares. Further, if the Redomiciliation Merger is not approved and Star Maritime fails to consummate an alternative transaction within the requisite period and we are therefore required to liquidate, such shares do not carry the right to receive any distributions upon liquidation.

Messrs. Tsirigakis and Syllantavos, our senior executive officers and Messrs. Pappas and Erhardt, two of our directors, purchased an aggregate of 1,132,500 units in the private placement at a purchase price of \$10.00 per unit (comprised of one share of common stock and one warrant to purchase a share of common stock of Star Maritime) or a total of \$11,325,500, and as of October 29, 2007, the aggregate market value of such securities was \$25,073,550. Star Maritime's officers and directors agreed to vote their common shares included in the units in favor of the Redomiciliation Merger and thereby waive redemption rights with respect to those shares. If the Redomiciliation Merger is not approved and Star Maritime fails to consummate an alternative transaction within the requisite period and Star Maritime is therefore required to liquidate, those shares do not carry the right to receive distributions upon liquidation. No officers or directors of Star Maritime or Star Bulk have purchased any securities of Star Maritime in the after market with the exception of 50,000 warrants purchased by Messr. Syllantavos on July 19, 2007 at a purchase price of \$4.93 per warrant.

After the completion of the Redomiciliation Merger, Mr. Tsirigakis will serve as Star Bulk's Chief Executive Officer and President and Mr. Syllantavos will serve as Star Bulk's Chief Financial Officer. Star Bulk Management Inc., or Star Bulk Management, has entered into employment agreements with Messrs. Tsirigakis and Syllantavos. See "Information Concerning Star Bulk Compensation of Directors and Senior Management." Star Bulk's board of directors will be comprised of seven directors. Each of the five current directors of Star Maritime will serve as directors of Star Bulk. In addition Mr. Su and Mr. Espig, each a nominee of TMT, will serve as directors. Mr. Pappas and Mr. Su will each serve as non-executive Co-Chairman of the board of Star Bulk. Such individuals will, following the Redomiciliation Merger, be compensated in such manner, and in such amounts, as Star Bulk's board of directors may determine to be appropriate. See "Information Concerning Star Bulk Compensation of Directors and Senior Management."

Maxim Group LLC, the underwriters of our initial public offering, has an interest in the Redomiciliation Merger which consists of the \$3,773,500 in contingent underwriting compensation and \$226,500 of contingent placement fees held in the Trust Account as of March 31, 2007 that it will receive upon the consummation of a business combination as well as the \$800,000 that it will receive in its financial advisory role with respect to the Redomiciliation Merger. In addition, Maxim has an interest in having as few shareholders as possible exercise their redemption rights because Maxim has agreed that it will forfeit \$0.20 per share (up to a maximum of \$1,286,730) plus interest thereon of its contingent underwriting compensation for each share redeemed by a shareholder in connection with a business combination transaction.

Mr. Nobu Su and Mr. Peter Espig, who are affiliates of TMT, will each join the board of directors of Star Bulk following the Redomiciliation Merger. Star Bulk has entered into one year time charters for two vessels in the initial fleet, the *Star Gamma* and the *Star Iota*, with TMT as the charterer. The estimated TMT payments and corresponding Star Bulk gross revenues from these charters will be \$10,203,000 and \$6,444,000 respectively for the two vessels for the duration of the time charter agreements.

**Acquisition Financing** (page 66)

On May 10, 2007 Star Bulk entered into a commitment letter with Commerzbank AG that will, subject to the approval of the Redomiciliation Merger, provide Star Bulk with a credit facility of up to \$120,000,000 with a minimum nine-year term and secured by the vessels that Star Bulk has agreed to acquire from TMT. Star Bulk intends to drawdown amounts under its credit facility sufficient to fund the balance of the cash portion of the aggregate purchase price of the vessels in the initial fleet to the extent that funds in the Trust Account are used to pay redeeming stockholders. Following the acquisition of the eight drybulk carriers, Star Bulk expects to have working capital of approximately \$1.6 million. Any excess un-drawn funds under the credit facility will be used for additional vessel acquisitions and to provide working capital.

**Conditions to the Redomiciliation Merger** (page 69)

The completion of the Redomiciliation Merger is subject to the satisfaction or, if permissible, waiver of a number of conditions, comprising of (i) Star Maritime obtaining the requisite approval of its shareholders; (ii) Star Maritime receiving an opinion of counsel that (x) the Redomiciliation Merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code; (y) each of Star Bulk and Star Maritime will be treated as a "party to a reorganization" within the meaning of Section 368(b) of the Code; and (z) neither Star Maritime nor the stockholders of Star Maritime will recognize any taxable gain or loss for U.S. federal income tax purposes upon the consummation of the Redomiciliation Merger; (iii) Star Maritime receiving certificates from officers of Star Bulk and from the Registrar of Corporations of the Republic of the Marshall Islands; and (iv) the absence of any Material Adverse Effect, as defined in the Merger Agreement, with respect to Star Bulk, the likelihood of which was not previously disclosed to Star Maritime by Star Bulk. Each condition to the completion of the Redomiciliation Merger may be waived other than obtaining the requisite vote of shareholders of Star Maritime. We expect to complete the Redomiciliation Merger during the fourth quarter of 2007, but we cannot be certain when or if the conditions will be satisfied or, if permissible, waived. Star Maritime believes that the only material condition to the completion of the Redomiciliation Merger is obtaining the requisite shareholder vote. Accordingly, Star Maritime does not anticipate resoliciting shareholder approval if any of the other conditions to the Redomiciliation Merger are waived. Star Maritime does not currently expect to waive any conditions of the Redomiciliation Merger.

Star Maritime cannot complete the Redomiciliation Merger unless (1) the holders of at least a majority of the issued and outstanding shares of Star Maritime entitled to vote at the special meeting vote in favor of the Redomiciliation Merger; (2) holders of at least a majority of the shares of common stock issued in the initial public offering and the private placement vote in favor of the Redomiciliation Merger; and (3) holders of less than 6,600,000 shares of common stock, such number representing 33.0% of the 20,000,000 shares of Star Maritime common stock issued in the initial public offering and private placement, vote against the Redomiciliation Merger and exercise their redemption rights to have their shares redeemed for cash.

The obligations of Star Bulk to purchase the vessels in the initial fleet and the obligations of TMT to sell the vessels in the initial fleet are subject to the approval of the Redomiciliation Merger and the Asset Acquisition by Star Maritime's stockholders in addition to customary closing conditions.

**Termination of the Merger Agreement** (page 69)

The Merger Agreement may be terminated (i) at any time prior to the effective time of the Redomiciliation Merger by mutual consent in writing of Star Maritime and Star Bulk; or (ii) unilaterally upon written notice by either Star Maritime or Star Bulk, in the event of such other parties' material breach of any representation or warranty contained in the Merger Agreement.



**Termination of the Master Agreement** (page 63)

The Master Agreement will terminate and be of no further force or effect in the event that the Redomiciliation Merger is not authorized and approved by the requisite vote of Star Maritimes' stockholders.

**Liquidation if No Business Combination** (page 71)

You should also be aware that in pursuing the Redomiciliation Merger, Star Maritime has incurred substantial expenses. Star Maritime currently has limited available funds outside the Trust Account, and will therefore be required to borrow funds or make arrangements with vendors and service providers in reliance on the expectation that such expenses will be paid by Star Bulk following consummation of the Redomiciliation Merger. If for any reason the Redomiciliation Merger is not consummated, Star Maritime's creditors may also seek to satisfy their claims from funds in the Trust Account. This could result in depletion of the Trust Account, which would reduce a stockholder's pro rata portion of the Trust Account upon liquidation.

**Material U.S. Federal Income Tax Consequences** (page 59)

Star Maritime has obtained the opinion of its counsel, Seward & Kissel LLP, that the Redomiciliation Merger will be treated as a nontaxable reorganization for U.S. federal income tax purposes. The opinion of Seward & Kissel LLP is subject to the limitations and qualifications set forth in the discussion of "Material U.S. Federal Income Tax Consequences." Because the Redomiciliation Merger will be treated as a nontaxable reorganization for U.S. federal income tax purposes, Star Bulk will not recognize gain or loss as a result of the Redomiciliation Merger. In addition, Star Maritime stockholders will not recognize gain or loss upon the exchange of their shares of Star Maritime common stock solely for shares of Star Bulk common stock pursuant to the Redomiciliation Merger. However, a Star Maritime stockholder who receives solely cash in exchange for his or her shares of Star Maritime common stock generally will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between his basis for U.S. federal income tax purposes in such shares and the cash received. The federal income tax consequences of the Redomiciliation Merger are complicated and may differ between individual stockholders. We strongly urge each Star Maritime stockholder to consult his or her own tax advisor regarding the federal income tax consequences of the Redomiciliation Merger in light of his or her own personal tax situation and also as to any state, local, foreign or other tax consequences arising out of the Redomiciliation Merger. Further, we do not give any opinion regarding the tax impact in the event that Star Maritime stockholders exercise redemption rights.

**Accounting Treatment** (page 60)

The Redomiciliation Merger will be accounted for as a business combination between companies under common control with Star Bulk as the accounting acquirer. The assets and liabilities of Star Maritime acquired by Star Bulk will be recorded as of the acquisition date at their respective costs and added to those of Star Bulk. Following the effective date of the Redomiciliation Merger, Star Bulk will continue as the surviving company and the separate corporate existence of Star Maritime shall cease. Accordingly, the results of operations after completion of the acquisition will be those of Star Bulk.

**Comparison of Star Maritime and Star Bulk Stockholder Rights** (page 142)

Star Maritime is incorporated under the laws of the State of Delaware. Star Bulk is incorporated under the laws of the Republic of the Marshall Islands. Upon consummation of the Redomiciliation Merger, the stockholders of Star Maritime will become shareholders of Star Bulk. Star Bulk's amended and restated articles of incorporation and by-laws differ from the organizational documents governing the rights of the former Star Maritime stockholders. In particular, Star Maritime's certificate of incorporation authorizes the issuance of up to 1,000,000 shares of blank check preferred stock by its board of directors. Star Bulk's articles of incorporation authorize the issuance of up to 25,000,000 shares of blank check preferred stock by the board of directors. Star Maritime's certificate of

incorporation provides that a special meeting of stockholders may be called by a majority of the entire board of directors or the Chief Executive Officer, and shall be called by the Secretary at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Star Bulk's organizational documents require that a special meeting of stockholders may only be called by the board of directors, jointly by the Co-Chairmen or the President. In addition, Star Bulk's articles of incorporation include a provision which limits Star Bulk from engaging in a business combination transaction with stockholders owning 20% or more of the outstanding voting stock of Star Bulk.

**Regulatory Approvals** (page 60)

Star Maritime and Star Bulk do not expect that the Redomiciliation Merger will be subject to any state or federal regulatory requirements other than filings under applicable securities laws and the effectiveness of the registration statement of Star Bulk of which this joint proxy statement/prospectus is part, and the filing of certain merger documents with the Registrar of Corporations of the Republic of the Marshall Islands and with the Secretary of State of the State of Delaware. Star Maritime and Star Bulk intend to comply with all such requirements. We do not believe that, in connection with the completion of the Redomiciliation Merger, any consent, approval, authorization or permit of, or filing with or notification to, any merger control authority will be required in any jurisdiction.

**STAR BULK SUMMARY FINANCIAL INFORMATION**

Because Star Bulk was incorporated on December 13, 2006, and has no operating history, Star Bulk does not have any historical financial statements for any period other than a balance sheet as of February 5, 2007, which is included later in this joint proxy statement/prospectus.

		As of February 5, 2007
(Expressed in U.S. dollars, except for share and per share data)		
<b><u>Assets</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$	1,000
<b>Total current assets</b>		1,000
<b>Total assets</b>	\$	1,000
<b><u>Liabilities and Shareholders' Equity</u></b>		
<b>Commitments and contingencies (Note 4)</b>		
Shareholders' Equity		
Common stock (100,000,000 shares authorized, par value \$0.01 per share, 500 issued and outstanding)		5
Preferred stock (25,000,000 shares authorized, par value \$0.01 per share, none issued and outstanding)		
Paid-in capital		995
<b>Total shareholders' equity</b>		1,000
<b>Total liabilities and shareholders' equity</b>	\$	1,000

## STAR MARITIME SUMMARY FINANCIAL INFORMATION

Star Maritime Acquisition Corp. was incorporated in Delaware on May 13, 2005 to serve as a vehicle for the acquisition through a merger, capital stock exchange, asset acquisition, or other similar business combination with one or more businesses in the shipping industry. Star Maritime has not acquired an entity as of the date of this prospectus. Star Maritime has selected December 31 as its fiscal year end. Star Maritime is considered to be in the development stage and is subject to the risks associated with activities of development stage companies. The summary financial information set forth below should be read in conjunction with the audited financial statements of Star Maritime for the period from inception to December 31, 2006 and for the fiscal years ended December 31, 2005 and 2006 and related notes included elsewhere in this joint proxy statement/prospectus.

**Star Maritime Acquisition Corp. and Subsidiary**  
(a development stage company)

**Condensed Consolidated Balance Sheets**  
(in U.S. dollars)

	<u>June 30, 2007</u>	<u>December 31, 2006</u>	<u>December 31, 2005</u>
(unaudited)			
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 620,400	\$ 2,118,141	\$ 593,281
Investments in trust account	196,084,213	192,915,257	188,858,542
Prepaid expenses and other current assets	122,234	149,647	118,766
<b>Total Current Assets</b>	<b>196,826,847</b>	<b>195,183,045</b>	<b>189,570,589</b>
Property and equipment, net	5,694	3,256	3,256
Deferred tax asset			9,000
<b>TOTAL ASSETS</b>	<b>\$ 196,832,541</b>	<b>\$ 195,186,301</b>	<b>\$ 189,579,589</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Accounts payable & accrued expenses	\$ 474,520	\$ 603,520	\$ 344,638
Deferred Interest on investments	3,290,971	2,163,057	
Deferred underwriting fees	4,000,000	4,000,000	4,000,000
Income taxes payable		206,687	
<b>Total Liabilities</b>	<b>7,765,491</b>	<b>6,973,264</b>	<b>4,344,638</b>
Common Stock, \$.0001 par value, 6,599,999 shares subject to possible redemption, at redemption value of \$9.80 per share	64,679,990	64,679,990	64,679,990
<b>Commitments</b>			
<b>Stockholders' Equity</b>			
Preferred Stock, \$.0001 par value; authorized, 1,000,000 shares; none issued or outstanding	2,903	2,903	2,903

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	June 30, 2007	December 31, 2006	December 31, 2005
Common Stock, \$.0001 par value, authorized, 100,000,000 shares; 29,026,924 shares issued and outstanding. (including 6,599,999 shares subject to possible redemption)			
Additional paid in capital	120,441,727	120,441,727	120,441,727
Earnings accumulated in the development stage	3,942,430	3,088,417	110,331
<b>Total Stockholders' Equity</b>	<b>124,387,060</b>	<b>123,533,047</b>	<b>120,554,961</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 196,832,541</b>	<b>\$ 195,186,301</b>	<b>\$ 189,579,589</b>

**Star Maritime Acquisition Corp. and Subsidiary**  
(a development stage company)

**Condensed Consolidated Statements of Income**  
(in U.S. dollars)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)			
<b>Operating expenses</b>								
Professional fees	\$ 368,896	\$ 107,029	\$ 960,390	\$ 128,046	\$ 1,576,413	\$ 596,423	\$ 19,600	\$ 616,023
Insurance	22,500	37,000	48,780	63,250	165,256	112,242	4,234	116,476
Due diligence costs	33,199	45,997	76,496	57,293	339,373	262,877		262,877
Other	184,274	117,371	370,885	134,639	636,820	239,558	26,377	265,935
<b>Total operating expenses</b>	<b>608,869</b>	<b>307,397</b>	<b>1,456,551</b>	<b>383,228</b>	<b>2,717,862</b>	<b>1,211,100</b>	<b>50,211</b>	<b>1,261,311</b>
Interest income	1,187,784	1,162,544	2,310,564	2,157,198	6,889,979	4,395,873	183,542	4,579,415
Income before provision for income taxes	578,915	855,147	854,013	1,773,970	4,172,117	3,184,773	133,331	3,318,104
Provision for income taxes		122,120		243,326	229,687	206,687	23,000	229,687
<b>Net income</b>	<b>\$ 578,915</b>	<b>\$ 733,027</b>	<b>\$ 854,013</b>	<b>\$ 1,530,644</b>	<b>\$ 3,942,430</b>	<b>\$ 2,978,086</b>	<b>\$ 110,331</b>	<b>\$ 3,088,417</b>
<b>Earnings per share (basic and diluted)</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.05</b>	<b>\$ 0.17</b>	<b>\$ 0.10</b>	<b>\$ 0.01</b>	<b>\$ 0.14</b>
<b>Weighted average shares outstanding basic and diluted</b>	<b>29,026,924</b>	<b>29,026,924</b>	<b>29,026,924</b>	<b>29,026,924</b>	<b>23,328,717</b>	<b>29,026,924</b>	<b>9,918,282</b>	<b>21,601,120</b>

**Star Maritime Acquisition Corp. and Subsidiary**  
(a development stage company)

**Condensed Consolidated Statements of Cash Flows**  
(in U.S. dollars)

	Six months ended June 30, 2007	Six months ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
	(unaudited)	(unaudited)	(unaudited)			
<b>Cash flows from operating activities:</b>						
Net Income	\$ 854,013	\$ 1,530,644	\$ 3,942,430	\$ 2,978,086	\$ 110,331	\$ 3,088,417
Adjustments to reconcile net income to net cash (used in) provided by operating activities:						
Depreciation	1,220		1,628	408		408
Changes in operating assets and liabilities:						
Increase in value of trust account	(3,168,956)	(2,213,374)	(7,409,213)	(4,056,715)	(183,542)	(4,240,257)
Decrease (increase) in prepaid expenses and other current assets	27,413	18,151	(122,234)	(30,881)	(118,766)	(149,647)
Increase (decrease) in deferred tax asset				9,000	(9,000)	
Increase (decrease) in accounts payable and accrued expenses	(129,000)	(226,126)	474,520	429,467	174,053	603,520
Increase in deferred interest	1,127,914	1,061,703	3,290,971	2,163,057		2,163,057
Increase (decrease) in taxes payable	(206,687)	267,967		206,687		206,687
<b>Net cash (used in) provided by operating activities</b>	<b>(1,494,083)</b>	<b>438,966</b>	<b>178,102</b>	<b>1,699,109</b>	<b>(26,924)</b>	<b>1,672,185</b>
<b>Cash flows from investing activities:</b>						
Payment to trust account			(188,675,000)		(188,675,000)	(188,675,000)
Capital expenditures	(3,658)		(7,322)	(3,664)		(3,664)
<b>Net cash used in investing activities</b>	<b>(3,658)</b>		<b>(188,682,322)</b>	<b>(3,664)</b>	<b>(188,675,000)</b>	<b>(188,678,664)</b>
<b>Cash flows from financing activities:</b>						
Gross proceeds from public offering			188,675,000		188,675,000	188,675,000
Gross proceeds from private placement			11,325,000		11,325,000	11,325,000
Proceeds of note payable to stockholder			590,000		590,000	590,000
			(590,000)		(590,000)	(590,000)

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	Six months ended June 30, 2007	Six months ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
Repayment of note payable to stockholder						
Proceeds from sale of shares of common stock			25,000		25,000	25,000
Payment of offering costs			(10,900,380)	(170,585)	(10,729,795)	(10,900,380)
<b>Net cash provided by financing activities</b>			189,124,620	(170,585)	189,295,205	189,124,620
<b>Net cash (decrease) increase for period</b>	(1,497,741)	438,966	620,400	1,524,860	593,281	2,118,141
<b>Cash at beginning of period</b>	2,118,141	593,281		593,281		
<b>Cash at end of period</b>	\$ 620,400	\$ 1,032,247	\$ 620,400	\$ 2,118,141	\$ 593,281	\$ 2,118,141
<b>Supplemental cash disclosure</b>						
Interest paid	\$	\$	\$ 9,163		\$ 9,163	\$ 9,163
<b>Supplemental schedule of non-cash financing activities</b>						
Accrual of deferred underwriting fees	\$	\$	\$ 4,000,000		\$ 4,000,000	\$ 4,000,000
Accrual of offering costs	\$	\$	\$		\$ 170,585	



**STAR MARITIME ACQUISITION CORP.  
UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET**

The following unaudited pro forma combined consolidated balance sheet presents the financial position of Star Maritime as of June 30, 2007, assuming the acquisition of the vessels had been completed as of June 30, 2007. The historical financial information has been adjusted to give effect to pro forma events that are directly attributable to the Redomiciliation Merger, factually supportable, and expected to have a continuing impact on the combined results.

We are providing the following information to aid you in your analysis of the financial aspects of the Redomiciliation Merger. We derived this information from the unaudited balance sheet of Star Maritime as of June 30, 2007. This information should be read together with the Star Maritime audited financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for Star Maritime and other financial information included elsewhere in this joint proxy statement/prospectus.

The unaudited pro forma combined information is for illustrative purposes only. You should not rely on the unaudited pro forma combined balance sheet as being indicative of the historical financial position that would have been achieved had the Redomiciliation Merger been consummated as of this date.

See Notes to Unaudited Pro Forma Combined Consolidated Balance Sheet

**UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 30, 2007**  
(in U.S. dollars)

	<b>Star Maritime Acquisition Corp. and Subsidiary</b>	<b>Pro Forma Adjustments (with no stock redemption)</b>	<b>Combined</b>	<b>Additional Pro Forma Adjustments (with 6,598,000 shares of common stock redemption)</b>	<b>Combined (stock redemption)</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	620,400	40,000,000 (a)		67,970,961 (h)	
		196,084,213 (b)		(64,679,990)(i)	
		(224,500,000)(c)		(3,290,971)(j)	
		(4,900,000)(e)			
		(4,000,000)(f)	3,304,613		3,304,613
Restricted investment	196,084,213	(196,084,213)(b)			
Prepaid expenses and other current assets	122,234		122,234		122,234
<b>Total current assets</b>	<b>196,826,847</b>		<b>3,426,847</b>		<b>3,426,847</b>
Fixed assets, net	5,694		5,694		5,694
Vessels, net		397,912,882 (c)	397,912,882		397,912,882
Deferred tax asset					
<b>Total assets</b>	<b>196,832,541</b>	<b>204,512,882</b>	<b>401,345,423</b>		<b>401,345,423</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable and accrued expenses	474,520		474,520		474,520
Deferred interest on investment	3,290,971	(3,290,971)(g)			
Deferred underwriting fees	4,000,000	(4,000,000)(f)			
Income taxes payable					
Long-term debt, current portion					
<b>Total current liabilities</b>	<b>7,765,491</b>		<b>474,520</b>		<b>474,520</b>
Long-term debt, net of current portion		40,000,000 (a)	40,000,000	67,970,961 (h)	107,970,961
Other long term liabilities					
<b>Total liabilities</b>	<b>7,765,491</b>		<b>40,474,520</b>		<b>108,445,481</b>
Common Stock, 6,599,999 subject to possible redemption at a redemption value of \$9.80 per share	64,679,990	(64,679,990)(d)			
<b>Commitments</b>	<b>64,679,990</b>				

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	Star Maritime Acquisition Corp. and Subsidiary	Pro Forma Adjustments (with no stock redemption)	Combined	Additional Pro Forma Adjustments (with 6,598,000 shares of common stock redemption)	Combined (stock redemption)
<b>STOCKHOLDERS' EQUITY:</b>					
Preferred stock, \$.0001 par value; authorized, 1,000,000 shares, none issued or outstanding					
Common stock, \$.0001 par value; authorized, 100,000,000 shares; 29,026,924 shares issued and outstanding (including 6,599,999 shares subject to possible redemption)	2,903	1,414 (c)			
		660 (d)	4,817	(660)(i)	4,157
Additional paid-in capital	120,441,727	173,411,468 (c)			
		64,679,330 (d)		(20)(k)	
		(4,900,000)(e)	353,632,685	(64,679,330)(i)	
				20 (k)	288,953,355
Earnings accumulated in the development stage	3,942,430	3,290,971 (g)	7,233,401	(3,290,971)(j)	3,942,430
<b>Total stockholders' equity</b>	<b>124,387,060</b>		<b>360,870,903</b>		<b>292,899,942</b>
<b>Total liabilities and stockholders' equity</b>	<b>196,832,541</b>	<b>204,512,882</b>	<b>401,345,423</b>		<b>401,345,423</b>

**STAR MARITIME ACQUISITION CORP.  
NOTES TO UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET  
AS OF JUNE 30, 2007**

The pro forma consolidated balance sheet reflects the acquisition of the fleet of vessels from the subsidiaries of TMT and the drawdown of the loan to partially finance that transaction as further discussed in the "Summary" section of this document. The historical balance sheet of Star Maritime at June 30, 2007 used in the preparation of the unaudited pro forma financial information has been derived from the unaudited consolidated balance sheet of Star Maritime at June 30, 2007. The Redomiciliation Merger is to be accounted for as a merger of entities under common control, and as such assets will continue to be recorded at their historical cost.

Separate pro forma consolidated balance sheets have been presented for the following circumstances (1) that no Star Maritime stockholders exercise their right to have their shares redeemed upon the consummation of the Redomiciliation Merger and (2) that holders of 6,599,999 shares of Star Maritime common stock elect to have their shares redeemed upon the consummation of the Redomiciliation Merger at the redemption value of \$9.80 per share, based on the amount held in the Star Maritime Trust Account, plus interest income to date thereon, at June 30, 2007.

Descriptions of the adjustments included in the unaudited consolidated pro forma balance sheets are as follows:

- (a) Reflects the drawdown of the loan of \$40,000,000 under the credit facility described in "Acquisition Financing". Star Bulk has entered into a commitment letter with an international shipping lender that will, subject to the approval of the Agreement and Plan of Merger, provide Star Bulk with a credit facility of up to \$120,000,000 with a nine-year term and secured by five of the eight drybulk carriers that Star Bulk has agreed to acquire from TMT. Star Bulk intends to draw down \$40,000,000 under the credit facility on the effective date of the Redomiciliation Merger to fund a portion of the cash consideration of the aggregate purchase price of in the initial fleet. The remaining funds under the credit facility may be used to replace funds from our Trust Account used to pay costs relating to the redemption of Star Maritime stockholders who vote against the Redomiciliation Merger and elect to redeem their shares. Any excess un-drawn funds under the credit facility may be used for additional vessel acquisitions and to provide working capital.
- (b) To transfer the total Investment in trust account balance to the operating cash account.
- (c) Reflects the acquisition of eight drybulk carriers from certain subsidiaries of TMT for an aggregate estimated purchase price of \$397.9 million consisting of \$224.5 million payable in cash and \$173.4 million payable in 14,144,607 common shares of Star Bulk. For accounting purposes, the stock consideration will be measured based on the fair market value of the shares at the time the vessels are delivered. In estimating the value of the shares included in the aggregate purchase price, we utilized the closing price of \$12.26 as of June 29, 2007 of the common stock of Star Maritime.  
  
The total purchase price will be allocated to the acquired vessels and to the outstanding time charter agreements by separately measuring such tangible and intangible assets acquired. Existing charter rates will be compared to market rates for equivalent time charters prevailing at the time the foregoing vessels are delivered. The present values representing the fair value of the above or below market time charters will be recorded as an intangible asset or liability, respectively.
- (d) In conjunction with the Redomiciliation Merger, all non-redeemed common stock forfeits redemption rights.

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- (e) To record transaction costs comprised of: advisor fees of \$2.8 million, legal fees of \$1.1 million, \$0.7 million in accounting fees and other fees of \$0.3 million totalling \$4.9 million. The advisory fees of Maxim, CF&Co. and Bongard are payable only upon the successful completion of the Redomiciliation Merger.
- (f) To reflect payment of underwriters' deferred compensation, related to services provided in connection with Star Maritime's initial public offering in December 2005.
- (g) To record interest on Trust Account previously deferred.
- (h) To drawdown an additional \$68.0 million under the Company's credit facility of up to \$120 million to replace funds from the Trust Account used for the payment of redemption value and deferred interest to investors.
- (i) Reflects the redemption of 32.99% of Star Maritime shares of common stock issued in the Company's initial public offering, at June 30, 2007 redemption value of \$9.80 per share. The number of shares assumed redeemed, 6,599,999, is based on 32.99% of the IPO shares outstanding prior to the Redomiciliation Merger and represents the maximum number of shares that may be redeemed without precluding the consummation of the Redomiciliation Merger.
- (j) To reflect the payment of interest earned by the redeeming shareholders.
- (k) Reflects the 200,000 common shares certain of our officers and directors have agreed to surrender for cancellation upon the consummation of a business combination in the event public stockholders exercise their right to have Star Maritime redeem their shares for cash.

**MARKET PRICE AND DIVIDEND INFORMATION**

Star Maritime's units commenced trading on the American Stock Exchange under the symbol "SEAU," on December 16, 2005. Effective on February 27, 2006, Star Maritime's common stock and warrants began to trade separately under the symbols "SEA," and "SEA.WS", respectively, and the units ceased trading. The closing high and low sales prices of Star Maritime's units, common stock, and warrants as reported by the American Stock Exchange, for the quarters indicated are as follows:

	Units		Common Stock		Warrants	
	High	Low	High	Low	High	Low
<b>2005:</b>						
Fourth Quarter (December 16 to December 31)	\$ 10.00	\$ 9.82	NA	NA	NA	NA
<b>2006:</b>						
First Quarter (January 1 to February 27)(1)	\$ 10.25	\$ 9.84	NA	NA	NA	NA
First Quarter (February 27 to March 31)	NA	NA	\$ 9.92	\$ 9.62	\$ 1.25	\$ 0.87
Second Quarter (April 1 to June 30)	NA	NA	\$ 10.16	\$ 9.47	\$ 1.20	\$ 0.87
Third Quarter (July 1 to September 31)	NA	NA	\$ 9.74	\$ 9.45	\$ 1.06	\$ 0.70
Fourth Quarter (October 1 to December 31)	NA	NA	\$ 9.90	\$ 9.60	\$ 0.84	\$ 0.55
<b>2007:</b>						
First Quarter (January 1 to January 16)(2)	NA	NA	\$ 9.93	\$ 9.87	\$ 0.87	\$ 0.72
First Quarter (January 17 to March 31)	NA	NA	\$ 10.30	\$ 9.86	\$ 2.15	\$ 1.20
Second Quarter (April 1 to June 29)(3)	NA	NA	\$ 12.31	\$ 10.34	\$ 4.25	\$ 2.18
Third Quarter (July 2 to September 28)	NA	NA	\$ 14.03	\$ 11.30	\$ 5.85	\$ 3.10
Fourth Quarter (October 1 to October 29)(4)	NA	NA	\$ 15.34	\$ 14.05	\$ 6.80	\$ 5.76

- (1) Star Maritime's units ceased trading on February 27, 2006. Star Maritime's common stock and warrants commenced trading separately as of this date.
- (2) The last full trading day prior to the announcement of a proposal for a business combination involving Star Bulk. On January 16, 2007, the closing price of Star Maritime common stock and warrants was \$9.90 and \$0.87, respectively.
- (3) On June 29, 2007 the closing price of the common stock and warrants of Star Maritime was \$12.26 and \$4.04, respectively.
- (4) On October 29, 2007 the closing price of the common stock and warrants of Star Maritime was \$15.34 and \$6.80 respectively.

As of October 29, 2007, there were nine stockholders of record of Star Maritime common stock and five holders of record of Star Maritime warrants. Such numbers do not include beneficial owners holding shares or warrants through nominee names.

Star Maritime is a blank check company and as a result, has never declared or paid any dividends on its common stock.

Stockholders are urged to obtain a current market quotation for Star Maritime securities.

Star Bulk's securities are not currently listed and do not trade on any stock exchange. Star Bulk has applied to list its common stock and warrants on the Nasdaq Global Market under the symbols "SBLK" and "SBLKW" respectively. Star Bulk is recently formed company and no dividends have been paid on any Star Bulk securities.

## RISK FACTORS

*You should consider carefully the following risk factors, as well as the other information set forth in this joint proxy statement/prospectus, before making a decision on the Redomiciliation Merger. The following risk factors contain all material risks that are currently known or we believe are reasonably foreseeable. Some of the following risks relate principally to the industry in which Star Bulk, as the surviving corporation, will operate and its business in general. Any of the risk factors could significantly and negatively affect Star Bulk's business, financial condition or operating results.*

### Company Risk Factors Relating to the Surviving Corporation

***Star Bulk has no operating history and may not operate profitably in the future.***

Star Bulk was formed December 13, 2006. Star Bulk has entered into agreements to acquire eight drybulk carriers and expects to take delivery of the vessels within sixty days following the effective date of the Redomiciliation Merger. However, Star Bulk has no operating history. Its financial statements do not provide a meaningful basis for you to evaluate its operations and ability to be profitable in the future. Star Bulk may not be profitable in the future.

***Star Bulk's senior executive officers and directors may not be able to organize and manage a publicly traded operating company adversely affecting the Company's overall financial position.***

None of Star Bulk's senior executive officers or directors has previously organized and managed a publicly traded operating company, and Star Bulk's senior executive officers and directors may not be successful in doing so. The demands of organizing and managing a publicly traded operating company are much greater as compared to a private or blank check company and some of Star Bulk's senior executive officers and directors may not be able to meet those increased demands.

***If any of the eight drybulk carriers in Star Bulk's fleet are not delivered on time or delivered with significant defects, Star Bulk's proposed business, results of operations and financial condition could suffer.***

Star Bulk has entered into separate memoranda of agreement with wholly-owned subsidiaries of TMT to acquire the eight drybulk carriers in its initial fleet. On the effective date of the Redomiciliation Merger, at least one of the vessels in the initial fleet will be delivered to Star Bulk. Star Bulk expects to take delivery of the remaining vessels within sixty days following the effective date of the Redomiciliation Merger. A delay in the delivery of any of these vessels to Star Bulk or the failure of TMT to deliver a vessel at all could adversely affect Star Bulk's business, results of operations and financial condition. The delivery of these vessels could be delayed or certain events may arise which could result in Star Bulk not taking delivery of a vessel, such as a total loss of a vessel, a constructive loss of a vessel, or substantial damage to a vessel prior to delivery. In addition, the delivery of any of these vessels with substantial defects could have similar consequences.

***If Star Bulk fails to manage its planned growth properly, it may not be able to successfully expand its fleet adversely affecting the Company's overall financial position.***

Star Bulk intends to continue to expand its fleet. Star Bulk's growth will depend on:

locating and acquiring suitable vessels;

identifying and consummating acquisitions or joint ventures;

integrating any acquired vessels successfully with its existing operations;

enhancing its customer base;

managing its expansion; and

obtaining required financing.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty experienced in obtaining additional qualified personnel and managing



relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. Star Bulk may not be successful in executing its growth plans and may incur significant expenses and losses.

***Star Bulk's loan agreements may contain restrictive covenants that may limit its liquidity and corporate activities.***

The new senior secured credit facility that Star Bulk expects to enter into and any future loan agreements may impose operating and financial restrictions on it. These restrictions may limit its ability to:

incur additional indebtedness;

create liens on its assets;

sell capital stock of its subsidiaries;

make investments;

engage in mergers or acquisitions;

pay dividends;

make capital expenditures;

change the management of its vessels or terminate or materially amend the management agreement relating to each vessel;  
and

sell its vessels.

Therefore, Star Bulk may need to seek permission from its lenders in order to engage in some important corporate actions. The lenders' interests may be different from those of Star Bulk, and Star Bulk cannot guarantee that it will be able to obtain the lenders' permission when needed. This may prevent Star Bulk from taking actions that are in its best interest.

***Servicing debt will limit funds available for other purposes, including capital expenditures and payment of dividends.***

Star Bulk expects to incur up to \$40,000,000 of indebtedness in connection with the purchase of the vessels in the initial fleet and may also incur additional secured debt to finance the acquisition of additional vessels. Star Bulk may also incur up to an additional \$70,000,000 of indebtedness to replace funds from our Trust Account that have been utilized to cover the cost of redeeming stockholders of Star Maritime. Star Bulk may be required to dedicate a portion of its cash flow from operations to pay the principal and interest on its debt. These payments limit funds otherwise available for working capital expenditures and other purposes, including payment of dividends. Star Bulk has not yet determined whether to purchase additional vessels or incur debt in the near future for additional vessel acquisitions. Assuming that no shareholders elect to redeem, Star Bulk will have available approximately \$70,000,000 under its credit facility to fund future acquisitions. If Star Bulk is unable to service its debt, it could have a material adverse effect on Star Bulk's financial condition and results of operations.

***Poor performance of Star Bulk's charters may lead to decreased revenues and a reduction in earnings.***

Star Bulk will enter into a time charter with each of Worldlink Shipping Limited for the *Star Alpha*, North China Shipping Limited Bahamas for the *Star Epsilon*, Essar for the *Star Delta*, Neptune for the *Star Zeta*, Hyundai for the *Star Theta* and TMT for the *Star Iota* and *Star Gamma*. Star Bulk's revenues may be dependent on the performance of its charterers and, as a result, defaults by its charterers may materially adversely affect Star Bulk's revenues. Star Bulk has not independently analyzed the creditworthiness of the charterers, consistent with

industry practice in the drybulk shipping industry.

***In the highly competitive international drybulk shipping industry, Star Bulk may not be able to compete for charters with new entrants or established companies with greater resources which may adversely affect its results of operations.***

Star Bulk will employ its vessels in a highly competitive market that is capital intensive and highly fragmented. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than Star Bulk. Competition for the transportation of drybulk cargoes can be intense and depends on price, location, size, age, condition and the acceptability of the vessel and its managers to the charterers. Due in part to the highly fragmented market, competitors with greater resources could operate larger fleets through consolidations or acquisitions that may be able to offer better prices and fleets.

***Star Bulk may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively affect the effectiveness of its management and its results of operations.***

Star Bulk's success will depend to a significant extent upon the abilities and efforts of its management team. Star Bulk has only two employees, its Chief Executive Officer and Chief Financial Officer. Star Bulk's wholly-owned subsidiary, Star Bulk Management, plans to hire additional employees following the Redomiciliation Merger to perform the day to day management of the vessels in the initial fleet. Star Bulk Management does not currently have any employees. Star Bulk's success will depend upon its ability to retain key members of its management team and the ability of Star Bulk Management to recruit and hire suitable employees. The loss of any of these individuals could adversely affect Star Bulk's business prospects and financial condition. Difficulty in hiring and retaining personnel could adversely affect Star Bulk's results of operations. Star Bulk does not intend to maintain "key man" life insurance on any of its officers. Star Bulk Management has entered into employment agreements with Mr. Akis Tsigirakis and Mr. George Syllantavos, Star Bulk's Chief Executive Officer and Chief Financial Officer, respectively, and has adopted an equity incentive plan in order to provide the board of directors a mechanism for incentivizing key employees in the future.

***As Star Bulk commences its business, it will need to implement its operations and financial systems and hire new shoreside staff; if it cannot implement these systems or recruit suitable employees, its performance may be adversely affected.***

Star Bulk's operating and financial systems may not be adequate as it commences operations, and its attempts to implement those systems may be ineffective. In addition, as Star Bulk expands its fleet, it will have to rely on its wholly-owned subsidiary, Star Bulk Management, to recruit shoreside administrative and management personnel. Star Bulk Management intends to sub-contract crew management, which includes the recruitment of seafarers, to third-party technical management companies. On-shore personnel will be recruited by Star Bulk Management through referrals from other shipping companies and traditional methods of securing personnel, such as placing classified advertisements in shipping industry periodicals. Star Bulk Management may not be able to continue to hire suitable employees as Star Bulk expands its fleet. If Star Bulk Management's unaffiliated crewing agent encounters business or financial difficulties, Star Bulk may not be able to adequately staff its vessels. If Star Bulk is unable to operate its financial and operations systems effectively or to recruit suitable employees, its performance may be materially adversely affected.

***Risks involved with operating ocean going vessels could affect Star Bulk's business and reputation, which would adversely affect its revenues.***

The operation of an ocean-going vessel carries inherent risks. These risks include the possibility of:

crew strikes and/or boycotts;

marine disaster;

piracy;

environmental accidents;

cargo and property losses or damage; and

business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries or adverse weather conditions.

Any of these circumstances or events could increase Star Bulk's costs or lower its revenues.

***Star Bulk's vessels may suffer damage and it may face unexpected drydocking costs, which could adversely affect its cash flow and financial condition.***

If Star Bulk's vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. Star Bulk may have to pay drydocking costs that its insurance does not cover. The loss of earnings while these vessels are being repaired and reconditioned, as well as the actual cost of these repairs, would decrease its earnings.

***Purchasing and operating secondhand vessels may result in increased operating costs and vessel off-hire, which could adversely affect Star Bulk's earnings.***

Star Bulk's inspection of secondhand vessels prior to purchase does not provide it with the same knowledge about their condition and cost of any required or anticipated repairs that it would have had if these vessels had been built for and operated exclusively by Star Bulk. Generally, Star Bulk will not receive the benefit of warranties on secondhand vessels.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to Star Bulk's vessels and may restrict the type of activities in which the vessels may engage. As Star Bulk's vessels age, market conditions may not justify those expenditures or enable Star Bulk to operate its vessels profitably during the remainder of their useful lives.

Star Bulk has inspected the vessels that it will acquire from TMT, has considered the age and condition of the vessels in budgeting for operating, insurance and maintenance costs, and that if Star Bulk acquires additional second hand vessels in the future, it may encounter higher operating and maintenance costs due to the age and condition of those additional vessels.

***Star Bulk's worldwide operations will expose it to global risks that may interfere with the operation of its vessels.***

Star Bulk is expected to primarily conduct its operations worldwide. Changing economic, political and governmental conditions in the countries where Star Bulk is engaged in business or in the Marshall Islands where Star Bulk intends to register all of its vessels, affect Star Bulk's operations. In the past, political conflicts, particularly in the Arabian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. The likelihood of future acts of terrorism may increase, and Star Bulk's vessels may face higher risks of being attacked. In addition, future hostilities or other political instability in regions where Star Bulk's vessels trade could have a material adverse effect on its trade patterns and adversely affect its operations and performance.

***Star Bulk may not have adequate insurance to compensate it if it loses its vessels, which may have material adverse effect on its financial condition and results of operation.***

Star Bulk is expected to procure hull and machinery insurance, protection and indemnity insurance, which includes environmental damage and pollution insurance coverage and war risk

insurance for its fleet. Star Bulk does not expect to maintain for all of its vessels insurance against loss of hire, which covers business interruptions that result from the loss of use of a vessel. Star Bulk may not be adequately insured against all risks. Star Bulk may not be able to obtain adequate insurance coverage for its fleet in the future. The insurers may not pay particular claims. Star Bulk's insurance policies may contain deductibles for which it will be responsible and limitations and exclusions which may increase its costs or lower its revenue. Moreover, insurers may default on claims they are required to pay. If Star Bulk's insurance is not enough to cover claims that may arise, the deficiency may have a material adverse effect on Star Bulk's financial condition and results of operations.

***Star Bulk is incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law, which may negatively affect the ability of public shareholders to protect their interests.***

Star Bulk's corporate affairs are governed by its Articles of Incorporation and By-laws and by the Marshall Islands Business Corporations Act or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain United States jurisdictions. Shareholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, public shareholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction.

***Star Bulk is incorporated under the laws of the Marshall Islands and its directors and officers are non-U.S. residents, and although you may bring an original action in the courts of the Marshall Islands or obtain a judgment against Star Bulk, its directors or its management based on U.S. laws in the event you believe your rights as a shareholder have been infringed, it may be difficult to enforce judgments against Star Bulk, its directors or its management.***

Star Bulk is incorporated under the laws of the Republic of the Marshall Islands, and all of its assets are located outside of the United States. Star Bulk's business will be operated primarily from its offices in Athens, Greece. In addition, Star Bulk's directors and officers, following the Redomiciliation Merger, will be non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against Star Bulk or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against Star Bulk's assets or the assets of its directors and officers. Although you may bring an original action against Star Bulk, its affiliates or any expert named in this prospectus in the courts of the Marshall Islands based on U.S. laws, and the courts of the Marshall Islands may impose civil liability, including monetary damages, against Star Bulk, its affiliates or any expert named in this prospectus for a cause of action arising under Marshall Islands law, it may be impracticable for you to do so given the geographic location of the Marshall Islands. For more information regarding the relevant laws of the Marshall Islands, please read "Enforceability of Civil Liabilities."

***There is a risk that Star Bulk could be treated as a U.S. domestic corporation for U.S. federal income tax purposes after the Redomiciliation Merger which would adversely affect its earnings.***

Section 7874(b) of the Code provides that, unless certain requirements are satisfied, a corporation organized outside the United States which acquires substantially all of the assets (through a plan or a series of related transactions) of a corporation organized in the United States will be treated as a U.S. domestic corporation for U.S. federal income tax purposes if shareholders of the U.S. corporation

whose assets are being acquired own at least 80% of the non-U.S. acquiring corporation after the acquisition. If Section 7874(b) of the Code were to apply to Star Maritime and the Redomiciliation Merger, then, among other consequences, Star Bulk, as the surviving entity of the Redomiciliation Merger, would be subject to U.S. federal income tax as a U.S. domestic corporation on its worldwide income after the Redomiciliation Merger. These consequences are discussed in more detail under the heading "Tax Considerations Material U.S. Federal Income Tax Consequences United States Federal Income Tax Considerations Tax Consequences of the Merger." The Redomiciliation Merger has been structured so that upon completion of the Redomiciliation Merger and the concurrent issuance of stock to TMT under the Acquisition Agreements, the stockholders of Star Maritime will own less than 80% of Star Bulk and therefore, Star Bulk should not be subject to Section 7874(b) of the Code after the Redomiciliation Merger. Star Maritime has obtained an opinion of its counsel, Seward & Kissel, LLP, that Section 7874(b) should not apply to the Redomiciliation Merger. However, there is no authority directly addressing the application of Section 7874(b) to a transaction such as the Redomiciliation Merger where shares in a foreign corporation such as Star Bulk are issued concurrently with (or shortly after) a merger. In particular, since there is no authority directly applying the "series of related transactions" or "plan" provisions to the post-acquisition stock ownership requirements of Section 7874(b), there is no assurance that the United States Internal Revenue Service, or IRS, will agree with Seward & Kissel's opinion on this matter. Moreover, Star Maritime has not sought a ruling from the IRS on this point. Therefore, there is no assurance that the IRS would not seek to assert that Star Bulk is subject to U.S. federal income tax on its worldwide income after the Redomiciliation Merger although Seward & Kissel is of the opinion that such an assertion should not be successful.

***Star Bulk may have to pay tax on United States source income, which would reduce its earnings.***

Under the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as Star Bulk and its subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source shipping income and such income is subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the Treasury regulations promulgated thereunder.

Star Bulk expects that it and each of its subsidiaries will qualify for this statutory tax exemption and Star Bulk will take this position for U.S. federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause Star Bulk to lose the benefit of this tax exemption and thereby become subject to U.S. federal income tax on Star Bulk's U.S. source income.

If Star Bulk or its subsidiaries are not entitled to this exemption under Section 883 for any taxable year, Star Bulk or its subsidiaries would be subject for those years to a 4% U.S. federal income tax on its U.S.-source shipping income. The imposition of this taxation could have a negative effect on Star Bulk's business and would result in decreased earnings.

***U.S. tax authorities could treat Star Bulk as a "passive foreign investment company," which could have adverse U.S. federal income tax consequences to U.S. holders.***

Star Bulk will be treated as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (2) at least 50% of the average value of its assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. shareholders of a PFIC may be subject to a disadvantageous U.S. federal income tax regime with respect to the income derived

by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on Star Bulk's proposed method of operation, Star Bulk intends to take the position for United States federal income tax purposes it is not a PFIC with respect to any taxable year. In this regard, Star Bulk intends to treat the gross income it will derive or will be deemed to derive from its time chartering activities as services income, rather than rental income. Accordingly, Star Bulk intends to take the position that its income from its time chartering activities does not constitute "passive income," and the assets that it will own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing Star Bulk's proposed method of operation. In addition, Star Bulk has not received an opinion of counsel with respect to this issue. Accordingly, no assurance can be given that the U.S. Internal Revenue Service, or the IRS, or a court of law will accept Star Bulk's position, and there is a risk that the IRS or a court of law could determine that Star Bulk is a PFIC. Moreover, no assurance can be given that Star Bulk would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of its operations. For example, if Star Bulk were treated as earning rental income from its chartering activities rather than services income, Star Bulk would be treated as a PFIC.

If the IRS were to find that Star Bulk is or has been a PFIC for any taxable year, its U.S. shareholders will face adverse U.S. tax consequences. Under the PFIC rules, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders), such shareholders would be liable to pay U.S. federal income tax at the then highest income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of Star Bulk's common shares, as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of Star Bulk's common shares. These consequences are discussed in more detail under the heading "Tax Considerations Material U.S. Federal Income Tax Consequences United States Federal Income Taxation of U.S. Holders Passive Foreign Investment Company Status and Significant Tax Consequences."

***Investors should not rely on an investment in Star Bulk if they require dividend income. It is not certain that Star Bulk will pay a dividend and the only return on an investment in Star Bulk may come from appreciation of the common stock.***

Star Bulk's intention is to pay quarterly dividends as described in "Star Bulk's Dividend Policy." However, Star Bulk may incur other expenses or liabilities that would reduce or eliminate the cash available for distribution as dividends. Star Bulk's loan agreements, including the credit facility agreement that Star Bulk expects to enter into, may also prohibit or restrict the declaration and payment of dividends under some circumstances.

In addition, the declaration and payment of dividends will be subject at all times to the discretion of Star Bulk's board of directors. The timing and amount of dividends will depend on Star Bulk's earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in its loan agreements, the provisions of Marshall Islands law affecting the payment of dividends and other factors. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent upon the payment of such dividends, or if there is no surplus, dividends may be declared or paid out of net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year. Star Bulk may not pay dividends in the anticipated amounts and frequency set forth in this joint proxy statement/prospectus or at all.

***Star Bulk is a holding company, and will depend on the ability of its subsidiaries to distribute funds to it in order to satisfy its financial obligations or to make dividend payments.***

Star Bulk is a holding company and its subsidiaries, all of which are, or upon their formation will be, wholly-owned by it either directly or indirectly, will conduct all of Star Bulk's operations and own all of Star Bulk's operating assets. Star Bulk will have no significant assets other than the equity interests in its wholly-owned subsidiaries. As a result, Star Bulk's ability to make dividend payments depends on its subsidiaries and their ability to distribute funds to Star Bulk. If Star Bulk is unable to obtain funds from its subsidiaries, Star Bulk's board of directors may exercise its discretion not to pay dividends.

***Star Bulk may not be able to borrow amounts under its credit facility which may affect its ability to purchase the vessels in the initial fleet.***

Star Bulk's ability to borrow amounts under its credit facility to acquire the initial fleet from TMT will be subject to the satisfaction of customary conditions precedent and compliance with terms and conditions included in the loan documents, and to circumstances that may be beyond its control such as world events, economic conditions, the financial standing of the bank or its willingness to lend to shipping companies such as Star Bulk. Prior to each drawdown, Star Bulk will be required, among other things, to provide the lender with acceptable valuations of the vessels in its fleet confirming that they are sufficient to satisfy minimum security requirements. To the extent that Star Bulk is not able to satisfy these requirements, including as a result of a decline in the value of its vessels, Star Bulk may not be able to draw down the full amount under its credit facility without obtaining a waiver or consent from the lender. Star Bulk will also not be permitted to borrow amounts under the facility if it experiences a change of control.

***The assumptions underlying Star Bulk's "Forecasted Cash Available for Dividends, Reserves and Extraordinary Expenses" are inherently uncertain and are subject to significant business, economic, financial, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those forecasted.***

The financial forecast in Star Bulk's "Statement of Forecasted Results of Operations and Cash Available for Dividends, Reserves and Extraordinary Expenses" has been prepared by the management of Star Bulk and Star Bulk has not received an opinion or report on it from any independent registered public accounting firm and the forecast has not been prepared in accordance with generally accepted accounting principles. The assumptions underlying the forecast are inherently uncertain and are subject to significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those forecasted. If Star Bulk does not achieve the forecasted results, Star Bulk may not be able to operate profitably, successfully implement its business strategy to expand its fleet or pay dividends to its shareholders in which event the market price of Star Bulk's common shares may decline materially.

***If the Redomiciliation Merger is completed, the Star Maritime warrants, which will be assumed by Star Bulk, become exercisable and you may experience dilution.***

Under the terms of the Star Maritime warrants, the warrants become exercisable upon the completion of a business combination transaction. If the Redomiciliation Merger is approved, Star Maritime expects to complete the Redomiciliation Merger during the fourth quarter of 2007. Star Maritime has 20,000,000 warrants to purchase common stock issued and outstanding at an exercise price of \$8.00 per common share. Star Maritime warrants will become exercisable upon the effective date of the Redomiciliation Merger and as a result, you may experience dilution.



***Registration rights held by Star Maritime's stockholders who purchased shares prior to the initial public offering may have an adverse effect on the market price of Star Bulk's common stock.***

Star Maritime's initial stockholders who purchased common stock prior to the initial public offering are entitled to demand that Star Bulk register the resale of their shares at any time after they are released from escrow which, except in limited circumstances, will not be before December 21, 2008. If such stockholders exercise their registration rights with respect to all of their shares, there will be an additional 9,026,924 shares of common stock eligible for trading in the public market. In addition, certain of Star Maritime's officers and directors who purchased units in Star Maritime's private placement in December 2005 are entitled to demand the registration of the securities underlying the 1,132,500 units at any time after Star Maritime announces that it has entered into a letter of intent, an agreement in principle or a definitive agreement in connection with a business combination. Star Maritime announced Star Bulk's entry into the Acquisition Agreements on January 17, 2007. If all of these stockholders exercise their registration rights with respect to all of their shares of common stock, there will be an additional 1,132,500 shares of common stock eligible for trading in the public market. The presence of these additional shares may have an adverse effect on the market price of Star Bulk's common stock.

***We depend on officers who may engage in other business activities in the international shipping industry which may create conflicts of interest.***

Prokopios Tsirigakis, Star Bulk's Chief Executive Officer and a member of its board of directors, and George Syllantavos, Star Bulk's Chief Financial Officer, Secretary and member of its board of directors intend to participate in business activities not associated with Star Bulk. As a result, Mr. Tsirigakis and Mr. Syllantavos may devote less time to Star Bulk than if they were not engaged in other business activities and may owe fiduciary duties to the shareholders of both Star Bulk as well as shareholders of other companies which they may be affiliated, which may create conflicts of interest in matters involving or affecting Star Bulk and its customers. It is not certain that any of these conflicts of interest will be resolved in Star Bulk's favor.

***Star Maritime's directors and executive officers have interests in the Redomiciliation Merger that are different from yours.***

In considering the recommendation of Star Maritime's directors to vote to approve the Redomiciliation Merger, you should be aware that they have agreements or arrangements that provide them with interests in the Redomiciliation Merger that differ from, or are in addition to, those of Star Maritime stockholders generally. If the Redomiciliation Merger is not approved, Star Maritime will be liquidated and we will distribute to all of the holders of our shares issued in our initial public offering in proportion to their respective equity interests, an aggregate amount equal to funds on deposit in the Trust Account, including any interest (net of any taxes payable) not previously released to us, plus any remaining net assets. If we fail to consummate a business combination transaction, our officers and directors have waived their respective rights to participate in any liquidation distribution with respect to the 9,026,924 shares of common stock issued to them prior to our initial public offering and with respect to the 1,132,500 shares of common stock acquired by certain of our officers and directors in the private placement and we would not distribute funds from the Trust Account with respect to the Star Maritime warrants, which would expire. The personal and financial interests of the members of our board of directors and executive officers may have influenced their motivation in identifying and selecting a target business and completing a business combination timely. Consequently, their discretion in identifying and selecting a suitable target business may result in a conflict of interest when determining whether the terms, conditions and timing of a particular business combination are appropriate and in Star Maritime's stockholders' best interest.

**Company Risk Factors Relating to Star Maritime Acquisition Corp.**

***Star Maritime will dissolve and liquidate if it does not consummate the Redomiciliation Merger, in which event its stockholders may be held liable for claims by third parties against Star Maritime to the extent of distributions received by them.***

If Star Maritime does not consummate the Redomiciliation Merger or another business combination by December 21, 2007, then, pursuant to Article SIXTH of its Certificate of Incorporation, Star Maritime's officers must take all actions necessary in accordance with the Delaware General Corporation Law to dissolve and liquidate Star Maritime within 60 days of that date. Therefore, Star Maritime will dissolve and liquidate the Trust Account to its public stockholders if it does not complete the Redomiciliation Merger, or another business combination, by December 21, 2007.

Under Sections 280 through 282 of the Delaware General Corporation Law, stockholders of a corporation may be held liable for claims by third parties against the corporation to the extent of distributions received by them in dissolution of the corporation. If a corporation complies with certain procedures intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. Although Star Maritime will seek stockholder approval to liquidate the Trust Account to its public stockholders as part of a plan of dissolution and liquidation, it does not intend to comply with those procedures. In the event that Star Maritime's directors recommend, and the stockholders approve, a plan of dissolution and liquidation where it is subsequently determined that the reserve for claims and liabilities was insufficient, stockholders who received a return of funds from the Trust Account could be liable for claims made by creditors to the extent of distributions received by them. As such, Star Maritime's stockholders could potentially be liable for any claims to the extent of distributions received by them in dissolution, and any such liability of Star Maritime stockholders will likely extend beyond the third anniversary of such dissolution. Accordingly, third parties may seek to recover from Star Maritime stockholders amounts owed to them by Star Maritime.

The procedures Star Maritime must follow under Delaware law if it dissolves and liquidates may result in substantial delays in the liquidation of the Trust Account to its public stockholders as part of its plan of dissolution and distribution.

***If third parties bring claims against Star Maritime, the proceeds held in trust could be reduced which would result in a per-share liquidation value receivable by Star Maritime's public stockholders from the Trust Account as part of its plan of dissolution and liquidation that is less than \$10.00.***

Star Maritime's placing of funds in trust may not protect those funds from third party claims against it. Star Maritime has not procured waivers from any creditors or prospective target businesses, and if the Redomiciliation Merger is not effected, the material creditors of Star Maritime would consist of its legal advisors, accountants, and service providers in connection with the Redomiciliation Merger, such as experts and printers. As of October 29, 2007, there are no creditor claims against Star Maritime.

Accordingly, the proceeds held in trust could be subject to claims that could take priority over the claims of Star Maritime's public stockholders, which would result in a per-share liquidation value receivable by Star Maritime's public stockholders from funds held in the Trust Account that is less than \$10.00.

In connection with our initial public offering, our initial stockholders each entered into a letter agreement whereby our initial stockholders agreed to indemnify Star Maritime against any loss, liability, claims, damage and expense whatsoever (including, but not limited to, any and all legal and other expenses reasonably incurred in investigating, preparing or defending against any litigation, whether pending or threatened, or any claim whatsoever) which Star Maritime may become subject as a result of any claim by any vendor that is owed money by Star Maritime for services rendered or products sold but only to the extent necessary to ensure that such loss, liability, claim, damage or expense does not reduce the amount in the Trust Account. Pursuant to this letter agreement, Star Maritime may seek indemnity from the initial stockholders to the extent amounts in the Trust Account are not sufficient to fund Star Maritime's liabilities and expenses. Star Maritime, Star Bulk and both of their boards of directors may be obligated to seek enforcement of the letter agreements to ensure against reductions in the Trust Account.

In the event that Star Maritime's board recommends and its stockholders approve a plan of dissolution and liquidation where it is subsequently determined that the reserve for claims and liabilities is insufficient, stockholders who received a return of funds from the Trust Account as part of the liquidation could be liable for claims made by creditors.

Additionally, if Star Maritime is forced to file a bankruptcy case or an involuntary bankruptcy case is filed against it which is not dismissed, the funds held in the Trust Account may be subject to applicable bankruptcy law, and may be included in Star Maritime's bankruptcy estate and subject to the claims of third parties with priority over the claims of Star Maritime's stockholders. Star Maritime's stockholders could also be required to return any distributions received by them in dissolution as a preference or under other avoidance or recovery theories under applicable bankruptcy law. To the extent any bankruptcy claims deplete the Trust Account, Star Maritime may not be able to return the liquidation amounts due to its public stockholders.

***If the Redomiciliation Merger or another business combination is not approved by Star Maritime's stockholders by December 21, 2007, then the funds in the Trust Account may only be distributed upon Star Maritime's dissolution and therefore, payments from the Trust Account to public stockholders may be delayed.***

If the Redomiciliation Merger or another business combination is not approved by Star Maritime's stockholders by December 21, 2007, then the funds held in the Trust Account may not be distributed except upon Star Maritime's dissolution. Unless and until stockholder approval to dissolve Star Maritime is obtained from Star Maritime's stockholders, the funds held in the Trust Account will not be released. Consequently, holders of a majority of Star Maritime's outstanding stock must approve the dissolution in order to receive the funds held in the Trust Account and the funds will not be available for any other corporate purpose. The procedures required for Star Maritime to liquidate under the Delaware General Corporation Law, or a vote to reject any plan of dissolution and distribution by its stockholders, may result in substantial delays in the liquidation of the Trust Account to Star Maritime's public stockholders as part of its plan of dissolution and distribution.

Star Maritime currently believes that any plan of dissolution and liquidation subsequent to December 21, 2007 would proceed in approximately the following manner:

Star Maritime's directors would, consistent with Delaware law and the obligations described in its amended and restated certificate of incorporation to dissolve, prior to the passing of the December 21, 2007 deadline, convene and adopt a specific plan of dissolution and liquidation, which it would then vote to recommend to its stockholders; at such time it would also cause to be prepared a preliminary proxy statement setting out such plan of dissolution and liquidation as well as the board's recommendation of such plan;

upon such deadline, it would file a preliminary proxy statement with the Securities and Exchange Commission;

if the Securities and Exchange Commission does not review the preliminary proxy statement, then, approximately 10 days following the passing of such deadline, it would mail the proxy statements to its stockholders, and approximately 30 days following the passing of such deadline it would convene a meeting of stockholders, at which they would either approve or reject the plan of dissolution and liquidation; and

if the Securities and Exchange Commission does review the preliminary proxy statement, Star Maritime currently estimates that it would receive their comments approximately 30 days following the passing of such deadline. Star Maritime would mail the proxy statements to stockholders following the conclusion of the comment and review process (the length of which cannot be predicted with any certainty, and which may be substantial) and it would convene a meeting of its stockholders at which they would either approve or reject the plan of dissolution and liquidation.

Pursuant to the terms of its certificate of incorporation, Star Maritime's powers following the expiration of the permitted time periods for consummating a business combination would automatically thereafter be limited to acts and activities relating to dissolving and winding up affairs, including liquidation. The funds held in the Trust Account may not be distributed except upon dissolution and, unless and until such approval is obtained from stockholders, the funds held in the Trust Account would not be released. Consequently, holders of a majority of Star Maritime's outstanding stock must approve the dissolution in order to receive the funds held in the Trust Account and the funds would not be available for any other corporate purpose.

The procedures required for Star Maritime to liquidate under the Delaware law, or a vote to reject any plan of dissolution and liquidation by Star Maritime's stockholders, may result in substantial delays in the liquidation of the Trust Account to Star Maritime's public stockholders as part of the plan of dissolution and liquidation.

#### **Industry Risk Factors Relating to Star Bulk**

*The drybulk shipping industry is cyclical and volatile, and this may lead to reductions and volatility of charter rates, vessel values and results of operations.*

The degree of charter hire rate volatility among different types of drybulk carriers has varied widely. If Star Bulk enters into a charter when charter hire rates are low, its revenues and earnings will be adversely affected. In addition, a decline in charter hire rates likely will cause the value of the vessels that Star Bulk will own, to decline and Star Bulk may not be able to successfully charter its vessels in the future at rates sufficient to allow it to operate its business profitably or meet its obligations. The factors affecting the supply and demand for drybulk carriers are outside of Star Bulk's control and are unpredictable. The nature, timing, direction and degree of changes in drybulk shipping market conditions are also unpredictable.

Factors that influence demand for seaborne transportation of cargo include:

demand for and production of drybulk products;

the distance cargo is to be moved by sea;

global and regional economic and political conditions;

environmental and other regulatory developments; and

changes in seaborne and other transportation patterns, including changes in the distances over which cargo is transported due to geographic changes in where commodities are produced and cargoes are used.

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The factors that influence the supply of vessel capacity include:

the number of newbuilding deliveries;

the scrapping rate of older vessels;

vessel casualties;

price of steel;

number of vessels that are out of service;

changes in environmental and other regulations that may limit the useful life of vessels; and

port or canal congestion.

Star Bulk anticipates that the future demand for its vessels will be dependent upon continued economic growth in the world's economies, including China and India, seasonal and regional changes in demand, changes in the capacity of the world's drybulk carrier fleet and the sources and supply of cargo to be transported by sea. If the global vessel capacity increases in the drybulk shipping market, but the demand for vessel capacity in this market does not increase or increases at a slower rate, the charter rates could materially decline. Adverse economic, political, social or other developments could have a material adverse effect on our business, financial condition, results of operations and ability to pay dividends.

***Charter rates in the drybulk shipping market are at historically high levels and future growth will depend on continued economic growth in the world economy that exceeds growth in vessel capacity. A reduction in world economic growth may have an adverse effect on the Company's financial condition and results of operations.***

Charter rates for the drybulk carriers recently have been at historically high levels. Star Bulk anticipates that future demand for its vessels, and in turn future charter rates, will be dependent upon continued economic growth in the world's economy, particularly in China and India, as well as seasonal and regional changes in demand and changes in the capacity of the world's fleet. According to Drewry Shipping Consultants Limited, or Drewry, the world's drybulk carrier fleet is expected to increase in 2007 as a result of substantial scheduled deliveries of newly constructed vessels and low forecasts for scrapping of existing vessels. Continued economic growth in the world economy that exceeds growth in vessel capacity will be necessary to sustain current charter rates. There can be no assurance that economic growth will not decline or that vessel scrapping will occur at an even lower rate than forecasted. A decline in charter rates could have a material adverse effect on Star Bulk's business, financial condition and results of operations.

***An economic slowdown in the Asia Pacific region could have a material adverse effect on Star Bulk's business, financial position and results of operations.***

A significant number of the port calls made by Star Bulk's vessels may involve the loading or discharging of raw materials and semi-finished products in ports in the Asia Pacific region. As a result, a negative change in economic conditions in any Asia Pacific country, but particularly in China or India, may have an adverse effect on Star Bulk's future business, financial position and results of operations, as well as its future prospects. In particular, in recent years, China has been one of the world's fastest growing economies in terms of gross domestic product. Star Bulk cannot assure you that such growth will be sustained or that the Chinese economy will not experience contraction in the future. Moreover, any slowdown in the economies of the United States, the European Union or certain Asian countries may adversely effect economic growth in China and elsewhere. Star Bulk's business, financial position and results of operations, as well as its future prospects, will likely be materially and adversely affected by an economic downturn in any of these countries.

***Star Bulk may become dependent on spot charters in the volatile shipping markets which may have an adverse impact on stable cash flows and revenues.***

Star Bulk may employ one or more of its vessels on spot charters, including when time charters on vessels expire. The spot charter market is highly competitive and rates within this market are subject to volatile fluctuations, while longer-term period time charters provide income at pre-determined rates over more extended periods of time. If Star Bulk decides to spot charter its vessels, there can be no assurance that Star Bulk will be successful in keeping all its vessels fully employed in these short-term markets or that future spot rates will be sufficient to enable its vessels to be operated profitably. A significant decrease in charter rates could affect the value of Star Bulk's fleet and could adversely affect its profitability and cash flows with the result that its ability to pay debt service to its lenders and dividends to its shareholders could be impaired.

***Star Bulk's operating results will be subject to seasonal fluctuations, which could affect its operating results and the amount of available cash with which Star Bulk can pay dividends.***

Star Bulk will operate its vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in quarter to quarter volatility in its operating results, which could affect the amount of dividends that Star Bulk pays to its shareholders from quarter to quarter. The drybulk carrier market is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. As a result, revenues of drybulk carrier operators in general have historically been weaker during the fiscal quarters ended June 30 and September 30, and, conversely, been stronger in fiscal quarters ended December 31 and March 31. This seasonality may materially affect Star Bulk's operating results and cash available for dividends.

***Star Bulk will be subject to regulation and liability under environmental laws that could require significant expenditures and affect its cash flows and net income.***

Star Bulk's business and the operation of its vessels will be materially affected by government regulation in the form of international conventions, national, state and local laws and regulations in force in the jurisdictions in which its vessels operate, as well as in the country or countries of their registration. Because such conventions, laws, and regulations are often revised, Star Bulk cannot predict the ultimate cost of complying with such conventions, laws and regulations or the impact thereof on the resale prices or useful lives of its vessels. Additional conventions, laws and regulations may be adopted which could limit Star Bulk's ability to do business or increase the cost of its doing business and which may materially and adversely affect its operations. Star Bulk will be required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to its operations.

The operation of Star Bulk's vessels is affected by the requirements set forth in the United Nations' International Maritime Organization's International Management Code for the Safe Operation of Ships and Pollution Prevention, or ISM Code. The ISM Code requires shipowners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject it to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. Each of Star Bulk's vessels will be ISM code-certified but we cannot assure that such certificate will be maintained indefinitely.

Star Bulk expects to maintain, for each of its vessels, pollution liability coverage insurance in the amount of \$1 billion per incident. If the damages from a catastrophic incident exceeded Star Bulk's insurance coverage, it could have a material adverse effect on Star Bulk's financial condition and results of operations.

***The operation of drybulk carriers has particular operational risks which could affect our earnings and cash flow.***

The operation of certain ship types, such as drybulk carriers, has certain particular risks. With a drybulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, drybulk cargoes are often heavy, dense, easily shifted, and react badly to water exposure. In addition, drybulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach while at sea. Hull breaches in drybulk carriers may lead to the flooding of the vessels' holds. If a drybulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel's bulkheads leading to the loss of a vessel. If Star Bulk is unable to adequately maintain its vessels, it may be unable to prevent these events. Any of these circumstances or events could negatively impact Star Bulk's business, financial condition, results of operations and ability to pay dividends. In addition, the loss of any of its vessels could harm Star Bulk's reputation as a safe and reliable vessel owner and operator.

***If any of Star Bulk's vessels fails to maintain its class certification and/or fails any annual survey, intermediate survey, drydocking or special survey, it could have a material adverse impact on Star Bulk's financial condition and results of operations.***

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention or SOLAS. Star Bulk's vessels are expected to be classed with one or more classification societies that are members of the International Association of Classification Societies.

A vessel must undergo annual surveys, intermediate surveys, drydockings and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Star Bulk's vessels are expected to be on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel will also be required to be drydocked every two to three years for inspection of the underwater parts of such vessels.

If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, drydocking or special survey, the vessel will be unable to carry cargo between ports and will be unemployable and uninsurable. Any such inability to carry cargo or be employed, or any such violation of covenants, could have a material adverse impact on Star Bulk's financial condition and results of operations.

***Maritime claimants could arrest Star Bulk's vessels, which could interrupt its cash flow.***

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arresting or attachment of one or more of Star Bulk's vessels could interrupt its cash flow and require it to pay large sums of funds to have the arrest lifted which would have a material

adverse effect on Star Bulk's financial condition and results of operations. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert "sister ship" liability against one of Star Bulk's vessels for claims relating to another of its vessels.

***Governments could requisition Star Bulk's vessels during a period of war or emergency, resulting in loss of earnings.***

A government could requisition for title or seize Star Bulk's vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Also, a government could requisition Star Bulk's vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of Star Bulk's vessels could have a material adverse effect on Star Bulk's financial condition and results of operations.

***Because Star Bulk will operate its vessels worldwide, terrorism and other events outside Star Bulk's control may negatively affect its operations and financial condition.***

Because Star Bulk will operate its vessels worldwide, terrorist attacks such as the attacks on the United States on September 11, 2001, the bombings in Spain on March 11, 2004 and in London on July 7, 2005, and the continuing response of the United States to these attacks, as well as the threat of future terrorist attacks, continue to cause uncertainty in the world financial markets and may affect Star Bulk's business, results of operations and financial condition. The continuing conflict in Iraq may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also have a material adverse effect on Star Bulk's ability to obtain additional financing on terms acceptable to it or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

Terrorist attacks may also negatively affect Star Bulk's operations and financial condition and directly impact its vessels or its customers. Future terrorist attacks could result in increased volatility of the financial markets in the United States and globally and could result in an economic recession in the United States or the world. Any of these occurrences could have a material adverse impact on Star Bulk's financial condition and costs.

**Risks Factors Relating to the Redomiciliation Merger**

***There may not be an active market for Star Bulk's common stock or warrants, which may cause its common stock or warrants to trade at a discount and make it difficult to sell your common stock or warrants.***

Prior to the Redomiciliation Merger, there has been no public market for Star Bulk's common stock or warrants. Star Bulk cannot assure you that an active trading market for Star Bulk's common stock or warrants will develop or be sustained after the Redomiciliation Merger or that the price of Star Bulk's common stock or warrants in the public market will reflect its actual financial performance.

***The price of Star Bulk's shares after the Redomiciliation Merger may be volatile.***

The price of Star Bulk's shares after the Redomiciliation Merger may be volatile, and may fluctuate due to factors such as:

actual or anticipated fluctuations in quarterly and annual results;



limited operating history;

mergers and strategic alliances in the shipping industry;

market conditions in the industry;

changes in government regulation;

fluctuations in Star Bulk's quarterly revenues and earnings and those of its publicly held competitors;

shortfalls in Star Bulk's operating results from levels forecasted by securities analysts;

announcements concerning Star Bulk or its competitors; and

the general state of the securities markets.

The international drybulk shipping industry has been highly unpredictable and volatile. The market for common shares in this industry may be equally volatile.

***Star Bulk may choose to redeem its outstanding warrants at a time that is disadvantageous to warrant holders.***

Star Bulk may redeem the warrants issued as a part of the units in Star Maritime's initial public offering that will be assumed by Star Bulk in the Redomiciliation Merger at any time after the warrants become exercisable, in whole and not in part, at a price of \$0.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sales price of Star Bulk's common stock equals or exceeds \$14.25 per share for any 20 trading days within a 30 trading day period ending three business days before the notice of redemption is sent. Redemption of the warrants could force the warrant holders to (i) exercise the warrants and pay the exercise price therefor at a time when it may be disadvantageous for the holders to do so, (ii) sell the warrants at the then-current market price when they might otherwise wish to hold them, or (iii) accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

***Star Maritime and Star Bulk expect to incur significant costs associated with the Redomiciliation Merger, whether or not the Redomiciliation Merger is completed and the incurrence of these costs will reduce the amount of cash available to be used for other corporate purposes.***

Star Maritime and Star Bulk expect to incur significant costs associated with the Redomiciliation Merger, whether or not the Redomiciliation Merger is completed. In connection with the Redomiciliation Merger, if the merger is completed we expect to incur \$4.9 million in expenses inclusive of \$2.85 million paid as contingent compensation to our advisors, and if the Redomiciliation Merger is not consummated we expect to incur \$2.05 million in expenses. The incurrence of these expenses will reduce the amount of cash available to be used for other corporate purposes, including distribution upon a liquidation. As of June 30, 2007 approximately \$395,000 of such expenses had been incurred and paid out of Star Maritime's working capital.

***As a result of the Redomiciliation Merger, Star Bulk stockholders will be solely dependent on a single business.***

As a result of the Redomiciliation Merger, Star Bulk stockholders will be solely dependent upon the performance of Star Bulk and its drybulk shipping business. Star Bulk will be subject to a number of risks that relate generally to the shipping industry and other risks that specifically relate to Star Bulk. See "Company Risk Factors Relating to the Surviving Corporation" and "Industry Risk Factors Relating to the Surviving Corporation."

***Star Maritime may waive one or more of the conditions to the Redomiciliation Merger without resoliciting stockholder approval for the Redomiciliation Merger.***

Star Maritime may agree to waive, in whole or in part, some of the conditions to its obligations to complete the Redomiciliation Merger, to the extent permitted by applicable laws. The board of directors of Star Maritime will evaluate the materiality of any waiver to determine whether amendment of this joint proxy statement/prospectus and resolicitation of proxies is warranted. In some instances, if the board of directors of Star Maritime determines that a waiver is not sufficiently material to warrant resolicitation of stockholders, Star Maritime has the discretion to complete the Redomiciliation Merger without seeking further stockholder approval.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus contains forward-looking statements. These forward-looking statements include information about possible or assumed future results of operations or the performance of Star Bulk after the Redomiciliation Merger, the expected completion and timing of the Redomiciliation Merger and other information relating to the Redomiciliation Merger. Words such as "projects," "predicts," "should," "forecasts," "expects," "intends," "plans," "believes," "anticipates," "estimates," and variations of such words and similar expressions are intended to identify the forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements include statements regarding:

the delivery and operation of assets of Star Bulk, the surviving corporation in the Redomiciliation Merger;

Star Bulk's future operating or financial results;

future, pending or recent acquisitions, business strategy, areas of possible expansion, and expected capital spending or operating expenses; and

drybulk market trends, including charter rates and factors affecting vessel supply and demand.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. You should read this joint proxy statement/prospectus and the documents that we reference herein and have filed as exhibits to the registration statement of which this joint proxy statement/prospectus forms a part completely and with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we do not undertake any obligation to update or revise any forward-looking statements contained in this joint proxy statement/prospectus, whether as a result of new information, future events or otherwise.

**THE STAR MARITIME SPECIAL MEETING**

**Time, Place and Purpose of the Special Meeting**

This joint proxy statement/prospectus is being furnished to Star Maritime stockholders as part of the solicitation of proxies by Star Maritime's board of directors for use at the special meeting of Star Maritime stockholders to be held at the offices of Seward & Kissel LLP, One Battery Park Plaza, 23rd floor, New York, New York on November 27, 2007, at 10:00 a.m. The purpose of the special meeting is for Star Maritime stockholders to consider and vote upon three proposals: (i) the acquisition of eight drybulk carriers by Star Bulk, a wholly-owned Marshall Islands subsidiary of Star Maritime, from certain wholly-owned subsidiaries of TMT, pursuant to definitive agreements, for an aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments; (ii) to approve and authorize the Agreement and Plan of Merger by and between Star Maritime with and into its wholly-owned Marshall Islands subsidiary, Star Bulk, with Star Bulk as the surviving corporation and (iii) to approve the adjournment of the special meeting in order to solicit additional proxies in the event that Star Maritime has not obtained the requisite shareholder approval of the Asset Acquisition and the Redomiciliation Merger. Adoption and approval of the Asset Acquisition is conditioned upon the adoption and approval of the Redomiciliation Merger. Star Bulk cannot complete the Asset Acquisition unless the Redomiciliation Merger is adopted and approved. Star Bulk has entered into separate definitive agreements to acquire the vessels in the initial fleet. You are also being asked to vote upon a proposal to approve the adjournment of the special meeting in the event that Star Maritime has not obtained the requisite shareholder approval of the Asset Acquisition and Redomiciliation Merger. See "Adjournments and Postponements" below. The eight Memoranda of Agreement relating to the purchase of the vessels in the initial fleet are attached as Appendix A through Appendix H, the Supplemental Agreement is attached as Appendix I and the Master Agreement is attached as Appendix J to this joint proxy statement/prospectus. The Agreement and Plan of Merger is attached as Appendix K. This joint proxy statement/prospectus and the enclosed form of proxy are first being mailed to Star Maritime stockholders on or about November 5, 2007.

**Record Date and Voting**

The holders of record of shares of Star Maritime common stock as of the close of business on the record date, which was November 5, 2007, are entitled to receive notice of, and to vote at, the special meeting. On the record date, there were 29,026,924 shares of Star Maritime common stock outstanding.

The holders of a majority of the shares of Star Maritime common stock that were outstanding on the record date, represented in person or by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Abstentions and properly executed broker non-votes will be counted as shares present and entitled to vote for the purposes of determining a quorum. "Broker non-votes" result when the beneficial owners of shares of Star Maritime common stock do not provide specific voting instructions to their brokers. Brokers are precluded from exercising their voting discretion with respect to the approval of non-routine matters such as the proposed merger, and, thus, absent specific instructions from the beneficial owner of those shares, brokers are not empowered to vote the shares with respect to the approval of such matters.

Holders of shares of Star Maritime common stock will have one vote for each share of Star Maritime common stock held by them at the close of business on the record date. Star Maritime warrants do not have voting rights.

## Required Vote

The Asset Acquisition must be approved by the holders of a majority of the issued and outstanding shares of common stock of Star Maritime. Adoption and approval of the Asset Acquisition is conditioned upon the adoption and approval of the Redomiciliation Merger. Star Bulk cannot complete the Asset Acquisition unless the Redomiciliation Merger is adopted and approved.

Star Maritime cannot complete the Redomiciliation Merger unless (1) the holders of at least a majority of the issued and outstanding shares of Star Maritime entitled to vote at the special meeting vote in favor of the Redomiciliation Merger; (2) holders of at least a majority of the shares of common stock issued in the initial public offering and the private placement vote in favor of the Redomiciliation Merger; and (3) holders of less than 6,600,000 shares of common stock, such number representing 33.0% of the 20,000,000 shares of Star Maritime common stock issued in the initial public offering and private placement, vote against the Redomiciliation Merger and exercise their redemption rights to have their shares redeemed for cash.

Because the vote is based on the number of shares of Star Maritime common stock outstanding rather than on the number of votes cast, failure to vote your shares (including as a result of broker non-votes), and votes to abstain, are effectively votes "against" the Redomiciliation Merger. A vote in favor of the Redomiciliation Merger is, in effect, a vote in favor of Star Bulk's acquisition of the vessels from TMT. You may vote your shares of Star Maritime common stock by completing and returning the enclosed proxy card by mail or by appearing and voting in person by ballot at the special meeting. Regardless of whether you plan to attend the special meeting, you should vote your shares by proxy as described above as soon as possible.

If you hold your shares through a bank, brokerage firm or nominee, you must vote in accordance with the instructions on the voting instruction card that your bank, brokerage firm or nominee provides to you. You should instruct your bank, brokerage firm or nominee as to how to vote your shares, following the directions contained in such voting instruction card.

Holders of more than 10,000,000 shares of common stock issued in the initial public offering and the private placement must vote in favor of the Redomiciliation Merger for it to be approved. Messrs. Tsigakis and Syllantavos, our senior executive officers, and Messrs. Pappas and Erhardt, two of our directors, have agreed to vote an aggregate of 1,132,500 shares, or 3.9% of Star Maritime's outstanding common stock, owned by them and any shares of Star Maritime common stock they may acquire in favor of the Redomiciliation Merger and thereby waive redemption rights with respect to such shares. All of Star Maritime's officers and directors have agreed to vote an aggregate of 9,026,924 shares or 31.1% of Star Maritime's outstanding common stock, held by them in accordance with the vote of the holders of a majority of the shares issued in Star Maritime's initial public offering.

## Proxies; Revocation

If you vote your shares of Star Maritime common stock by signing a proxy card, your shares will be voted at the special meeting as you indicate on your proxy card. If no instructions are indicated on your signed proxy card, your shares will be voted "**FOR**" the approval and authorization of the Redomiciliation Merger.

You may revoke your proxy at any time before your proxy is voted at the special meeting. A proxy may be revoked prior to the vote at the special meeting in any of three ways:

by executing and returning a proxy card dated later than the previous one to Star Maritime at 103 Foulk Road, Wilmington, Delaware 19803, Attention: Corporate Secretary;

by attending the special meeting in person and casting your vote by ballot; or

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by submitting a written revocation to Star Maritime at 103 Foulk Road, Wilmington, Delaware 19803, Attention: Corporate Secretary.

Attendance at the special meeting will not, in itself, constitute revocation of a previously granted proxy. If you do not hold your shares of Star Maritime common stock in your own name, you may revoke or change a previously given proxy by following the instructions provided by the bank, brokerage firm, nominee or other party that is the registered owner of the shares.

Star Maritime does not expect that any matters other than the proposal to authorize and adopt the Redomiciliation Merger will be brought before the special meeting. If, however, such a matter is properly presented at the special meeting or any adjournment or postponement of the special meeting, the persons appointed as proxies will have discretionary authority to vote the shares represented by duly executed proxies in accordance with their discretion and judgment.

Star Maritime will pay the cost of soliciting proxies for the special meeting. In addition to soliciting proxies by mail, Star Maritime's directors and executive officers may solicit proxies personally and by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. Star Maritime will, upon request, reimburse banks, brokerage firms and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions.

Star Maritime has engaged the services of Advantage Proxy to assist in the solicitation of proxies for the special meeting.

### **Redemption Rights**

As provided in Star Maritime's Certificate of Incorporation, holders of Star Maritime common stock have the right to redeem their shares for cash by voting against the Redomiciliation Merger and electing to have such shares redeemed for cash. The exercise of redemption rights must be made on the proxy card at the same time that the stockholder votes against the Redomiciliation Merger. The per-share redemption price is equal to \$10.00 per share, which amount represents \$9.80 per share, plus the pro rata portion of any accrued interest earned on the Trust Account (net of taxes payable) not previously distributed to us and \$0.20 per share plus interest thereon (net of taxes payable) of contingent underwriting compensation which the underwriters have agreed to forfeit to pay redeeming stockholders, calculated as of two days prior to the consummation of the Redomiciliation Merger. Accordingly, the actual per-share redemption price will fluctuate prior to the date such shares would be redeemed. Based on the amount of cash held in the Trust Account at June 30, 2007, you would have been entitled to redeem each share of common stock that you hold for approximately \$10.39. The actual per share redemption price will be calculated two business days prior to the consummation of the Redomiciliation Merger. If you exercise your redemption rights, then you will be exchanging your shares of Star Maritime common stock for cash and will no longer own these shares. You will only be entitled to receive cash for these shares if you continue to hold these shares through the effective date of the Redomiciliation Merger and then tender your stock certificate to Star Bulk. If the Redomiciliation Merger is not completed, then these shares will not be redeemed for cash. A stockholder who exercises redemption rights will continue to own any warrants to acquire Star Maritime common stock owned by such stockholder as such warrants will remain outstanding and unaffected by the exercise of redemption rights.

As of June 30, 2007, funds available from the Trust Account to fund vessel acquisitions, working capital, and deferred underwriting fees and other corporate expenses were \$196,084,213 assuming no shares are redeemed and \$127,510,223 if the maximum 32.99% of shareholders redeem assuming a redemption price of \$10.39. Star Bulk intends to draw down amounts under its credit facility sufficient to fund the balance of the cash portion of the aggregate purchase price of the vessels in the initial fleet. To the extent funds from the Trust Account are used to pay redeeming stockholders, Star Bulk

intends to draw down amounts under its credit facility so that following the acquisition of the vessels, Star Bulk would have working capital of \$1.6 million.

Star Maritime cannot complete the Redomiciliation Merger unless (1) the holders of at least a majority of the issued and outstanding shares of Star Maritime entitled to vote at the special meeting vote in favor of the Redomiciliation Merger; (2) holders of at least a majority of the shares of common stock issued in the initial public offering and the private placement vote in favor of the Redomiciliation Merger; and (3) holders of less than 6,600,000 shares of common stock, such number representing 33.0% of the 20,000,000 shares of Star Maritime common stock issued in the initial public offering and private placement, vote against the Redomiciliation Merger and exercise their redemption rights to have their shares redeemed for cash. Although broker non-votes and abstentions effectively count as votes against the Redomiciliation Merger, in order to exercise redemption rights, an eligible stockholder must vote against the Redomiciliation Merger and elect to exercise redemption rights on the enclosed proxy card. If a stockholder votes against the Redomiciliation Merger but fails to properly exercise redemption rights, such stockholder will not be entitled to have its shares redeemed for cash. Any request for redemption, once made, may be withdrawn at any time up to the date of the special meeting.

Prior to exercising redemption rights, Star Maritime stockholders should verify the market price of Star Maritime's common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their redemption rights. Star Maritime's shares of common stock are listed on The American Stock Exchange under the symbol "SEA."

### **Adjournments and Postponements**

You are also being asked to vote for the adoption and approval of a proposal to allow Star Maritime to adjourn the special meeting in order to solicit proxies in the event that Star Maritime has not obtained the requisite shareholder approval of the Asset Acquisition and the Redomiciliation Merger. Notice of any adjournment may be sent to each Star Maritime stockholder by mail, facsimile or other electronic means of communication. In the event the meeting is adjourned, Star Maritime's board of directors may fix a new record date for the adjourned meeting; in which case, a notice of the adjourned meeting will be given to each Star Maritime stockholder of record on the new record date. If you transfer your shares of Star Maritime common stock prior to such new record date then you may not be entitled to vote on the Asset Acquisition and/or the Redomiciliation Merger. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow Star Maritime stockholders who have already sent in their proxies to revoke them at any time before they are voted at the special meeting.

**BACKGROUND AND REASONS FOR THE ASSET ACQUISITION  
AND THE REDOMICILIATION MERGER**

**History of the Agreements to Acquire the Vessels**

Prior to the first contact between Star Maritime and TMT on July 25, 2006 in Milan, Italy, Star Maritime, its subsidiaries, affiliates and related parties had no prior connections or business contacts with TMT or its subsidiaries, affiliates and related parties. Further, other than as described in this joint proxy statement/prospectus, there is no relationship, affiliation or other connection between the officers, directors, and affiliates of Star Maritime and the officers, directors, and affiliates of TMT. However, Oceanbulk Shipping & Trading (OBST) a private company affiliated with our directors Mr. Petros Pappas, has been party to Forward Freight Agreements (FFAs) with TMT. As is customary in FFA contracts, they are negotiated anonymously through a broker on a "subject to approval of the counter-party" basis. Only after the negotiation is complete and the terms of the trade have been agreed upon, will the names of each party be revealed. At this point the parties have the opportunity to either approve or disapprove of the transaction.

On July 23, 2006, following an industry meeting in Monte Carlo, our director Mr. Koert Erhardt arranged a meeting between Messrs. Nobu Su, Petros Pappas and Koert Erhardt.

The discussion during the meeting involved general information regarding each other's business activities, exchange of business views, casual, social issues, and Star Maritime being mentioned by Mr. Pappas when providing an overview of his recent activities. No proposals or agreements were made other than Mr. Pappas indicating that he would revert with more information. Mr. Erhardt followed up that meeting by calling Mr. Su to inquire whether TMT would be interested in selling any of its vessels to which he received a negative response. The matter was not pursued further until Mr. Su called Mr. Pappas inquiring further about Star Maritime and on October 5, 2006 Mr. Pappas and Mr. Su discussed potential concepts for a transaction with Star Maritime. On November 9, 2006, with Messrs. Nobu Su, Peter Espig, Petros Pappas, Akis Tsirigakis, and George Syllantavos attending, the concept and parameters of the deal were discussed.

From November 13 to 17, 2006, a series of meetings were held in New York with Messrs. Tsirigakis and Syllantavos representing Star Maritime and Mr. Espig representing TMT as well as their respective attorneys and Star Maritime's financial advisors Maxim and Cantor Fitzgerald. During this series of negotiations, the specific vessels to be acquired were determined, the transaction structure was developed and finalized, TMT's obligation to source time charters for certain of the vessels at minimum warranted levels was agreed, the earn-out structure for additional stock was determined and the basic financial terms were formulated.

A conference call followed on November 23, 2006, attended by members of both parties during which Messrs. Akis Tsirigakis and Nobu Su reached an agreement on the deal and finalized the responsibilities of the two parties in attaching charter employment to the vessels and the associated process to be followed. The parties memorialized their agreement in principle by signing a non-binding memorandum of understanding dated November 23, 2006, summarizing the terms of the proposed transaction. In furtherance of the memorandum of understanding, the parties commenced the implementation phase, during which the agreed terms were not altered in substance but the process of reflecting them into legal documents took place.

On January 7, 2007 a new series of meetings commenced in New York between Messrs. Tsirigakis and Syllantavos representing Star Maritime and Mr. Espig representing TMT as well as their respective attorneys and Star Maritime's financial advisors Maxim and Cantor Fitzgerald to finalize the definitive agreements, joined later by Messrs. Nobu Su and Petros Pappas. The process culminated in the signing of definitive agreements on January 12, 2007, which were the separate Memoranda of Agreement for each of the eight drybulk carriers, the related Supplemental Agreement and the Master Agreement, by



Mr. Tsirigakis and Mr. Su. Although vessel prices had appreciated somewhat between the end of November when the MOU was executed and January 12, 2007 when the definitive agreements were signed, the financial terms remained unchanged from the terms agreed upon in New York in mid-November.

### Acquisition Target Review

During the period between its formation and July 25, 2006, the date of its initial contact with TMT, Star Maritime evaluated 23 prospective transactions.

During the period from the date of Star Maritime's initial public offering through November 2006, Star Maritime's executive officers evaluated 32 prospective transactions in the shipping industry, in addition to the proposed Redomiciliation Merger with Star Bulk. Exploratory discussions were held with respect to effecting a business combination, either through a merger, the acquisition of an operating business or an asset acquisition, with 18 of such prospective transactions. These candidates were engaged in the drybulk, tanker, offshore supply, passenger cruise, bunkering and oil rig sectors. Star Maritime did not agree to substantive terms of a business combination, or enter into a letter of intent with any of these companies.

Further to exploratory discussions, Star Maritime's executive officers offered for, or considered offering or entered into negotiations with the prospective business combinations appearing below. All of the prospective business combinations other than the proposed transaction were accorded serious consideration by Star Maritime's executive officers but were rejected prior to reaching an agreement in principle.

<b>Nature of Business</b>	<b>Activity Period</b>	<b>Reasons for rejection</b>
Capesize drybulk carrier	March 2006	Price disagreement fleet
Tanker fleet	March 2006	Seller decided not to sell
Luxury cruise line	April 2006	Did not agree on valuation
Tanker pool operator	April 2006	Sellers opted for other buyer
Heavy Lift fleet	July 2006	Star's proposal deemed low by sellers
Bulk carrier fleet	July 2006	Down-payment requirements
Tanker fleet	August 2006	Seller decided not to sell
Reefer fleet	September 2006	Sector dynamics
Bunkering company	October 2006	Did not agree on valuation
Offshore Supply vessels	Sept/Oct 2006	U.S. Jones Act restrictions
Numerous small tanker and drybulk carrier fleets		High execution risk for a transaction involving multiple sellers plus down-payment requirements needed to combine two or more small fleets into a business combination meeting the 80% Test.

In evaluating each prospective business combination transaction, Star Maritime's executive officers considered all or a majority of the following factors:

earnings potential of the acquired assets;

the ability to redomicile outside of the United States;

the ability or willingness of the acquisition target to wait for the period required for the approval process;

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degree of demand for the provision of seaborne transportation versus the vessel supply in the sectors examined;

the willingness of the acquisition target to accept no deposit or a deposit that could be paid from Star Maritime's working capital;

the proposed acquisition price compared to our assessment of potential share price development post-acquisition;

the willingness of the acquisition target to accept equity as part of the consideration;

charter rates in the shipping sectors examined;

regulatory environment of the international shipping industry;

costs associated with effecting the business combination; and

the tax implications of each transaction reviewed.

The executive officers also considered that the initial target business or businesses or assets that Star Maritime acquires must have a collective fair market value equal to at least 80% of Star Maritime's net assets (exclusive of the underwriters' contingent compensation being held in the Trust Account), as determined by Star Maritime's board of directors.

All of the above listed potential transactions either did not progress due to either the counterparty decision or did not satisfy the requisite criteria.

The asset purchase transaction with TMT was the only acquisition target that fulfilled all of the requisite criteria. In addition, the transaction is in the drybulk sector, the sector in which Star Maritime's management has the most knowledge and background in and a sector that, in management's view, is supported by favorable fundamentals. See "The International Drybulk Shipping Industry." An asset acquisition of eight vessels was considered by Star Maritime's management as more favorable by creating more value for investors, versus the potential acquisition of an operating company of similar size. The rationale is that in an asset acquisition the consideration comprises of the value of the assets and does not involve a premium that would normally be applicable or demanded for an operating company and possible "good will" value. All except one of the vessels being acquired from TMT presented the added advantage of being operated in the spot market at the time of entering into the definitive agreements. By Star Maritime obtaining TMT's obligation to source time charters for certain of the vessels as part of the transaction, we were able to secure charters during a high charter rate environment as well as provide visibility of revenue for a period following the Redomiciliation Merger. Star Maritime's management considered the attachment of time charters as a highly favorable feature of the proposed transaction between Star Bulk and TMT.

Further, TMT's agreement to accept shares as part of the purchase price will enable Star Bulk to commence its operation with a lower debt level and stronger balance sheet to the benefit of the company's shareholders. In view of the above the asset purchase transaction with TMT was recommended to the Board of Directors.

### Expenses

In Star Maritime's registration statement, on Form S-1 filed with the Securities and Exchange Commission on June 9, 2005, or the Form S-1, in the section titled "Use of Proceeds", the funds that remained, from the total funds raised in the initial public offering, to be used for working capital as net proceeds not held in the Trust Account were \$575,000. In accordance with the terms of the Trust Agreement, Star Maritime received \$2.5 million to be used as working capital from the interest earned in the Trust Account, for a total \$3.075 million. As of June 30, 2007, Star Maritime incurred expenses related to finding an acquisition target and maintaining its corporate existence as a public company in

the amount of \$2,717,862 which includes \$1,576,413 in professional fees and expenses, \$165,256 in insurance costs, \$339,373 to perform due diligence and \$636,820 in other related costs such as rent, taxes and administrative, lodging and transportation costs. After the payment of these expenses, we have a working capital balance of approximately \$620,000.

#### Advisors

Star Maritime engaged the following advisors to assist management in its function of sourcing, evaluating, structuring and marketing transactions with potential targets, in their various capacities described in the related engagement agreements which are filed as exhibits to the Registration Statement of which this joint proxy statement/prospectus is a part and summarized below. The services of all three advisors were provided throughout 2006 and continue presently, notwithstanding the date Star Maritime signed the respective formal agreements with each.

Star Maritime's management, to protect the shareholders' and the company's interest, engaged its advisors to offer their services for multiple possible targets on fixed dollar fees rather than the customary percentage based fees of the value of the transaction. The total fees payable to advisors amount to \$2,850,000 or 0.826% of the purchase price of \$345,237,520 which is considered by Star Maritime's management to be lower than a single advisor's or broker's customary fee based on the percentage of the transaction value. All three advisors' fees are contingent upon completion of the Redomiciliation Merger or another business combination on or before December 21, 2007. In the event that Star Maritime does not consummate the Redomiciliation Merger or another business combination transaction on or before December 21, 2007, the fees pursuant to the respective agreements are not payable to any of the advisors. The Master Agreement and Supplemental Agreement do not preclude Star Maritime and its advisors from sourcing, evaluating or pursuing other acquisition targets.

On October 4, 2006, Star Maritime entered into an agreement with Bongard Shipbrokers S.A., or Bongard, for purposes of engaging Bongard in connection with sourcing, developing contacts and making referrals for potential target businesses and providing evaluations of such potential target assets or businesses. Star Maritime's management determined the need to engage an experienced shipbroker to work with in a confidential manner with physical presence in Greece to enable frequent meetings in Star's headquarters, to source or to approach potential targets without the identity of Star Maritime being revealed until a later stage in the process as well as to evaluate vessels or fleets confidentially for any of the potential targets Star was contemplating even if they were introduced to us by other entities. While shipbrokers are normally entitled to a fee of 1% of the value of the vessels they successfully introduce, Bongard was engaged under a fixed fee which is payable regardless of such introduction. In exchange for such services, Star Maritime is obligated to pay a contingent fee of \$800,000 within thirty days of the closing of a business combination transaction provided it occurs on or before December 21, 2007. Bongard's engagement refers to the range of targets contemplated by Star Maritime and is payable notwithstanding the fact that Bongard did not source the drybulk carriers from TMT. In the event that Star Maritime does not consummate the Redomiciliation Merger or another business combination transaction on or before December 21, 2007, no fees are payable to Bongard pursuant to the agreement.

On December 20, 2006, Star Maritime entered into an agreement with Cantor Fitzgerald & Co., or CF & Co., for purposes of engaging CF & Co. as financial advisor in connection with a possible business combination transaction. Pursuant to the agreement, CF & Co. was engaged to provide such services as creating financial models, advising on the structure of a possible transaction with a target business, negotiating agreements on behalf of and in conjunction with management and assisting management with the preparation of marketing and roadshow materials. In exchange for such services, Star Maritime is obligated to pay a contingent fee of \$1,250,000, plus expenses of up to \$60,000, within thirty days of the closing of a business combination transaction if such transaction is consummated by December 31, 2007.

On December 22, 2006, Star Maritime entered into an agreement with Maxim Group LLC, or Maxim, for purposes of engaging Maxim as co-lead financial advisor in connection with a possible business combination transaction. Pursuant to the agreement, Maxim was engaged to provide such services as creating financial models, advising on the structure of a possible transaction with a target business and assisting in the preparation of terms sheets or letters of intent. In exchange for such services, Star Maritime is obligated to pay a contingent fee of \$800,000 for any business combination transaction consummated during the term of the agreement (or within six months of the termination date). The agreement terminates on October 31, 2007, unless terminated earlier by either Star Maritime or Maxim upon thirty days' written notice, or extended by mutual agreement.

#### **Reasons for the Redomiciliation Merger**

The board of directors of Star Maritime determined that in order to compete in the most favorable manner with other international drybulk shipping companies listed in the U.S. public markets, all of which are domiciled outside of the United States, it was advisable to redomicile to the Republic of the Marshall Islands to benefit from important regulatory and tax advantages available to international shipping companies, particularly with respect to the exemption available under Section 883 of the Code relating to worldwide shipping income. The board of directors considered that the majority of international drybulk shipping companies with securities that are listed for trading on U.S. securities exchanges are incorporated in the Republic of the Marshall Islands.

By remaining a Delaware corporation, Star Maritime would subject itself to the jurisdiction of the Delaware courts as well as certain federal courts for all suits and claims against it, including actions based on tort or contract, in respect of the ownership and operation of the vessels to be acquired in the Merger. By redomiciling to the Marshall Islands, Star Maritime would remain subject to the jurisdiction of courts in the United States, but only to the extent that Star Maritime has sufficient contacts with the United States or one of the states of the United States, to give rise to personal jurisdiction there. In addition, by redomiciling, Star Maritime will be able to eliminate the risk of suit by a foreign seaman attempting to utilize the United States legal system to assert labor-related claims against Star Maritime.

Under 46 U.S.C. §§ 56101 and 56102 (Sections 9 and 37 of the Shipping Act, 1916, as amended), Star Maritime as a Delaware corporation would require the prior approval of the Secretary of Transportation to sell any of its vessels then currently under U.S. registry to a foreign entity or person. By redomiciling to the Marshall Islands, it would not be subject to these provisions in respect of the future sales of its vessels.

By acquiring the initial fleet as a Delaware corporation, Star Maritime would become subject to United States federal corporate income tax at up to 35% on the net profits derived from its direct operation and trading of the initial fleet and this would subject Star Maritime to a significant competitive disadvantage to its non-U.S. corporate counterparts that are generally wholly exempt from tax on its international shipping operations pursuant to Code Section 883 or an applicable treaty. In addition, the after-tax profits distributed as dividends to its non-U.S. holders would be subject to a further withholding tax of 30%. By redomiciling to the Marshall Islands, it would be wholly exempt from United States corporate income tax on all such profits pursuant to the provisions of Code Section 883 and in addition, its non-U.S. holders would not be subject to any further tax on receipt of dividends. Dividends received by U.S. holders would be subject to the same tax regime whether Star Maritime was a Delaware or Marshall Islands corporation.

#### **Satisfaction of 80% Test**

In accordance with the terms of the initial public offering, it is a requirement that the target of Star Maritime's initial business combination have a fair market value equal to at least 80% of Star

Maritime's net assets. The Star Maritime board of directors, based on their financial skills, knowledge of and experience in the international shipping industry, determined that it was qualified to make the determination with regard to the net asset requirement. As a result of the Redomiciliation Merger, Star Maritime will merge with and into Star Bulk, with Star Bulk as the surviving corporation. On January 12, 2007, Star Bulk entered into separate MOAs with respect to each of the eight drybulk carriers in the initial fleet, together with the related Supplemental Agreement and the Master Agreement. Based on the independent vessel valuations in the form of "desk appraisals" performed by purchase and sale brokers recognized in the international shipping industry, Star Maritime's board of directors, after consulting with its shipbroker and financial advisors Maxim, Bongard and Cantor, determined that the aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued to TMT, as agent for its vessel-owning subsidiaries, which amount was negotiated at arms-length, was fair to and in the best interests of Star Maritime and its stockholders and appropriately reflects the value of the vessels in the initial fleet. In reaching this conclusion, Star Maritime's board of directors also took into account that Star Bulk would issue up to an additional 1,606,962 shares of Star Bulk to TMT if certain revenue targets were achieved. Star Maritime's board of directors was satisfied that, consistent with industry practice, the value of the MOAs that Star Bulk entered into are equivalent in value to the underlying value of the vessels to which the respective MOAs relate. On January 12, 2007, 80% of the net assets of Star Maritime was equal to \$154.5 million. Accordingly, the board of directors determined that the requirement that the target of Star Maritime's initial business combination have a fair market value equal to at least 80% of Star Maritime's net assets is satisfied.

Star Maritime directors and executive officers who have interests in the merger that are different from, or in addition to, the interests of our unaffiliated shareholders, have actively participated in the negotiations related to the asset acquisition agreements.

On October 3, 2007, Star Bulk, Star Maritime and TMT entered into an amendment to the Master Agreement to provide for issuance of the additional 1,606,962 shares of Star Bulk common stock to TMT without regard to any revenue target.

#### **Recommendations of the Board of Directors**

**Star Maritime.** Star Maritime's board of directors, after reviewing the transaction criteria set forth herein, concluded that the Redomiciliation Merger with Star Bulk and Star Bulk's acquisition of the vessels in the initial fleet from subsidiaries of TMT was the only business combination transaction that had been evaluated by Star Maritime's board of directors that satisfied all of its criteria.

As part of their engagement, Cantor Fitzgerald and Maxim Group assisted Star Maritime's management in analyzing certain financial information related to the acquisition of the eight drybulk carriers from TMT. They were not asked to, nor did they, render a fairness opinion or prepare any analyses for, or make any presentation to, Star Maritime's board of directors. As described below, neither Cantor Fitzgerald or Maxim Group has provided any independent evaluation or recommendation concerning the asset acquisition transaction. Star Maritime's board of directors did not obtain a fairness opinion because the board evaluated the transaction as an acquisition of assets and, in the judgment of the board, independent appraisals of the vessels' values furnished by a third party broker provided a sufficient basis for the board to value the acquisition. Cantor Fitzgerald and Maxim Group relied upon the information provided to them by Star Maritime's management, or obtained by them from other sources, without independent verification, and they did not make or obtain an independent appraisal of the eight drybulk carriers to be purchased by Star Bulk from TMT or of any other assets of Star Maritime or Star Bulk.

Cantor Fitzgerald and Maxim Group assisted management in the preparation of the financial forecasts set forth under "Statement of Forecasted Results of Operations and Cash Available for

Dividends, Reserves and Extraordinary Expenses," which were based upon information and assumptions provided to them by Star Maritime's management and which management believes to be reasonable. They also processed data and assumptions provided by Star Maritime management and calculated certain financial information based upon these forecasts and information with respect to the transaction provided by management. Cantor Fitzgerald and Maxim Group advised Star Maritime management regarding the appropriate metrics and methodology for assessing Star Bulk's valuation post-transaction. In particular, they and management calculated Star Bulk's post-transaction estimated enterprise value (the product of the number of shares outstanding post-transaction on a fully diluted basis (applying the Treasury method for outstanding warrants) and \$10.21 (the price per share held in trust as of December 31, 2006) plus net debt) as \$461,774,249 and the ratio of such enterprise value to projected 2007 earnings before interest, taxes, depreciation and amortization, or EBITDA (approximately \$70.7 million) derived in the manner reflected under section Star Bulk's Forecasted Cash Available for Dividends, Reserves and Extraordinary Expenses on page 127, using the target daily charter rates set forth in the Acquisition Agreements, as 6.53:1. Based upon publicly available data, they also calculated the average of the ratios of the enterprise value to projected 2007 EBITDA for Diana Shipping Inc., Eagle Bulk Shipping Inc., Quintana Maritime Ltd. and Genco Shipping and Trading Ltd., four publicly-traded companies which they and management considered to be reasonably comparable to Star Bulk post-transaction (and which are referred to collectively as the peer group), as 9.59:1 and noted that Star Bulk's ratio of estimated enterprise value to 2007 EBITDA is approximately 31.9% less than this average. Management and they calculated the estimated quarterly dividend yield of \$0.325 projected by management (based upon the forecast for 2007) as a percentage of share prices ranging from \$10.21 to \$13.00 as 12.7% to 10.0%, respectively, and noted that this range exceeds the average projected dividend yield of the peer group for 2007 of 9.9%. They also calculated Star Bulk's estimated market capitalization using a share price of \$10.21 and the ratio of such market capitalization to its projected 2007 net asset value, or NAV (the market value of the acquired vessels less expected debt plus estimated available cash), as 1.31:1. In addition, they calculated the average of the ratios of market capitalization to projected 2007 NAV for the peer group as 1.44:1. Finally, they calculated the ratio of the price to be paid by Star Bulk for the eight drybulk carriers to projected 2007 EBITDA as 4.82:1, and the average of the ratios of enterprise value to projected 2007 EBITDA for the peer group as 9.59:1.

The foregoing calculations were prepared together with Star Maritime's management. As noted above, Cantor Fitzgerald and Maxim Group did not prepare any analyses for, or make any presentation to, Star Maritime's board of directors. Star Maritime's chief executive officer, Mr. Akis Tsirigakis and chief financial officer, Mr. George Syllantavos, discussed the calculations and comparisons with the peer group with the board of directors in the context of management's evaluation of the asset acquisition.

Star Maritime's board of directors unanimously determined that the Asset Acquisition and the Redomiciliation Merger are in the best interest of Star Maritime and its stockholders. In reaching its determination, Star Maritime's board of directors considered a number of factors, including the following:

the fact that the merger of Star Maritime with and into Star Bulk with Star Bulk as the surviving corporation is expected to constitute a tax-free reorganization under the Code;

the quality of the vessels in the initial fleet, including the average age of approximately 10 years;

strong demand for raw materials in recent years by developing countries, particularly China and India, that has resulted in robust growth for drybulk shipping as well as increased charter rates;

TMT's knowledge of and experience in the Asian shipping markets, particularly within the drybulk sector and the related benefits that Star Bulk would derive from Mr. Nobu Su, TMT's

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Chief Executive Officer and Chairman, becoming a member and Co-Chairman of the board of directors;

TMT's obligation under the Master Agreement by and among TMT, Star Maritime and Star Bulk to procure time charters at minimum charter rates which would provide predictable revenues with respect to six of the eight vessels of which at least four would be chartered with third party charterers;

the low level of borrowing required to complete the purchase of the vessels because TMT agreed to accept shares as part of the purchase price;

the fact that TMT was an unaffiliated third party;

the vessel valuation in the form of "desk appraisals" obtained by two independent, unaffiliated sale and purchase brokers in exchange for fees of GBP 2,000 and GBP 3,000, respectively, based on a general analysis of comparable sales of similar vessels, which such "desk appraisals" are not based on actual inspection of the vessels by appraisers and assume each vessel to be in the good working order and condition in hull and machinery to be expected of a vessel of her age and type, with the vessel's Class fully maintained and free from all conditions and in sound sea-going condition, undamaged, fully equipped and freely transferable with prompt delivery as between a willing seller and willing buyer;

the assessment by Star Maritime's management in consultation with Bongard Shipbrokers S.A. that the data provided by Drewry supported the view that drybulk vessel values were in an environment of further increases at the time the purchase price was agreed upon;

the assessment by Star Maritime's management in consultation with its legal advisor that consistent with industry practice the value of the MOA's that Star Bulk entered into are equivalent in value to the underlying value of the vessels respectively and thus the 80% was met; and

the fact that the agreement to purchase the eight vessels from TMT was the result of a comprehensive review conducted by Star Maritime's board (with the assistance of its financial and legal advisors) of the strategic alternatives available to Star Maritime.

For additional information regarding the charter agreements procured by TMT, please read "Statement of Forecasted Results of Operations and Cash Available for Dividends, Reserves and Extraordinary Expenses".

Star Maritime's board of directors also considered potential risks relating to the Redomiciliation Merger, including the following:

the possibility that the Redomiciliation Merger may not qualify as a tax-free reorganization under the Code;

TMT may fail to deliver the vessels to Star Bulk;

TMT may fail to procure charters that meet the minimum charter rates required by the Master Agreement;

volatility of charter rates and vessel values in the drybulk sector; and

the risks and costs to the Company if the Redomiciliation Merger is not completed, including the need to locate another suitable business combination or arrangement.

The foregoing discussion of the information and factors considered by Star Maritime's board of directors is not intended to be exhaustive, but includes all currently known material factors, both positive and negative, that the board of directors considered in reaching its determination that the





Redomiciliation Merger is in the best interest of Star Maritime and its shareholders. In view of the variety of factors considered in connection with its evaluation of the Redomiciliation Merger, Star Maritime's board of directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given differing weights to different factors. After weighing all of the different factors, Star Maritime's board of directors unanimously determined to recommend that Star Maritime stockholders vote "FOR" the approval and authorization of the Redomiciliation Merger at the special meeting.

#### **Interest of Star Maritime Directors and Officers in the Redomiciliation Merger**

When you consider the recommendation of Star Maritime's board of directors that you vote in favor of approval of the Redomiciliation Merger, you should keep in mind that certain of Star Maritime's officers and directors have interests in the Redomiciliation Merger that are different from, or in addition to, your interest as a stockholder. These interests currently known to us are:

Star Maritime's officers and directors paid \$25,000 in cash for a total of 9,026,924 shares of Star Maritime common stock prior to the initial public offering. These shares, without taking into account any discount that may be associated with certain restrictions on these shares, collectively have a market value of approximately \$138,473,014 based on Star Maritime's share price of \$15.34 as of October 29, 2007. Our initial stockholders have agreed to surrender up to an aggregate of 200,000 of their shares of common stock to us for cancellation upon consummation of a business combination in the event public stockholders exercise their right to have Star Maritime redeem their shares for cash. The number of shares that our initial stockholders will surrender will be determined by calculating the dollar amount of the Trust Account (exclusive of interest) paid to redeeming stockholders above \$9.43 per share (which amount consists of \$9.23 per share attributable to such stockholders and \$0.20 per share attributable to the underwriters' deferred discount) and dividing it by \$10.00 (the value attributed to the shares for purposes of this calculation). Accordingly, for each 1,000 shares redeemed up to 3,508,772 shares, our initial stockholders will surrender 57 shares for cancellation. None of the 9,026,924 shares issued prior to the initial public offering to these individuals may be released from escrow until December 15, 2008 during which time the value of the shares may increase or decrease; however, since such shares were acquired for \$0.003 per share, the holders are likely to benefit from the Redomiciliation Merger notwithstanding any decrease in the market price of the shares. Further, if the Redomiciliation Merger is not approved and Star Maritime fails to consummate an alternative transaction within the requisite period and we are therefore required to liquidate, such shares do not carry the right to receive any distributions upon liquidation.

Messrs. Tsirigakis and Syllantavos, our senior executive officers and Messrs. Pappas and Erhardt, two of our directors, purchased an aggregate of 1,132,500 units in the private placement at a purchase price of \$10.00 per unit (comprised of one share of common stock and one warrant to purchase a share of common stock of Star Maritime) or a total of \$11,325,000, and as of October 29, 2007, the aggregate market value of such securities was \$17,372,550 for the common shares and \$7,701,000 for the warrants, which will be worthless if the Redomiciliation Merger is not approved. Star Maritime's officers and directors agreed to vote their common shares included in the units in favor of the Redomiciliation Merger and thereby waive redemption rights with respect to those shares. If the Redomiciliation Merger is not approved and Star Maritime fails to consummate an alternative transaction within the requisite period and Star Maritime is therefore required to liquidate, those shares do not carry the right to receive distributions upon liquidation. No officers or directors of Star Maritime or Star Bulk have purchased any securities of Star Maritime in the after market with the exception of 50,000

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warrants purchased by Messr. Syllantavos on July 19, 2007 at a purchase price of \$4.93 per warrant.

After the completion of the Redomiciliation Merger, Mr. Tsirigakis will serve as Star Bulk's Chief Executive Officer and President and Mr. Syllantavos will serve as Star Bulk's Chief Financial Officer. Star Bulk Management has entered into employment agreements with Messrs. Tsirigakis and Syllantavos. See "Information Concerning Star Bulk Compensation of Directors and Senior Management." Star Bulk's board of directors will be comprised of seven directors. Each of the five current directors of Star Maritime will serve as directors of Star Bulk. In addition Mr. Su and Mr. Espig, each a nominee of TMT, will serve as directors. Mr. Pappas and Mr. Su will each serve as non-executive Co-Chairman of the board of Star Bulk. Such individuals will, following the Redomiciliation Merger, be compensated in such manner, and in such amounts, as Star Bulk's board of directors may determine to be appropriate. See "Information Concerning Star Bulk Compensation of Directors and Senior Management."

Maxim Group LLC, the underwriters of our initial public offering, has an interest in the Redomiciliation Merger. Maxim's interest in the consummation of a business combination by Star Maritime consists of the \$3,773,500 in contingent underwriting compensation and \$226,500 of contingent placement fees held in the Trust Account as of June 30, 2007 that it will receive upon the consummation of a business combination as well as the \$800,000 that it will receive in its financial advisory role in the transaction. In addition, Maxim has an interest in having as few shareholders as possible exercise their redemption rights because Maxim has agreed that it will forfeit \$0.20 per share (up to a maximum of \$1,286,730) plus interest thereon of its contingent underwriting compensation for each share redeemed by a shareholder in connection with a business combination transaction.

Mr. Nobu Su and Mr. Peter Espig, who are affiliates of TMT, will each join the board of directors of Star Bulk following the Redomiciliation Merger. Star Bulk has entered into one year time charters for two vessels in the initial fleet, the *Star Gamma* and the *Star Iota*, with TMT as the charterer. The estimated TMT payments and corresponding Star Bulk gross revenues from these charters will be \$10,203,000 and \$6,444,000 respectively for the two vessels for the duration of the time charter agreements.

Star Maritime's board of directors was aware of these arrangements during its deliberations on the merits of the Redomiciliation Merger and in determining to recommend to the stockholders of Star Maritime that they vote for in favor of the Redomiciliation Merger.

**Star Bulk.** The board of directors of Star Bulk has unanimously determined that the Redomiciliation Merger is advisable and in the best interests of its sole shareholder, Star Maritime, based on the various shipping regulatory and tax advantages of operating an international shipping company domiciled in the Republic of the Marshall Islands versus a United States jurisdiction.

### Material U.S. Federal Income Tax Consequences

We expect that the Redomiciliation Merger will be treated as a nontaxable reorganization for U.S. federal income tax purposes. As a result, Star Bulk will not recognize a gain or loss as a result of the Redomiciliation Merger. In addition, Star Maritime stockholders will not recognize gain or loss upon the exchange of their shares of Star Maritime common stock solely for shares of Star Bulk common stock pursuant to the Redomiciliation Merger. However, a Star Maritime stockholder who solely receives cash in exchange for his or her shares of Star Maritime in the case of redemption will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between his basis for U.S. federal income tax purposes in such shares and the cash received. The federal income tax consequences of the Redomiciliation Merger are complicated and may differ for individual stockholders. We strongly urge each Star Maritime stockholder to consult his or her own tax

advisor regarding the federal income tax consequences of the Redomiciliation Merger in light of his or her own personal tax situation and also as to any state, local, foreign or other tax consequences arising out of the Redomiciliation Merger. Further, we do not give any opinion regarding the tax impact in the event that stockholders of Star Maritime determine to exercise their redemption rights and we urge you to consult with your own tax advisor.

#### **Accounting Treatment**

The Redomiciliation Merger will be accounted for as a business combination with Star Bulk as the accounting acquirer. The assets and liabilities of Star Maritime acquired by Star Bulk will be recorded as of the acquisition date at their respective costs, which are considered to approximate fair value, and added to those of Star Bulk. Following consummation of the Redomiciliation Merger, Star Bulk will continue as the surviving company and Star Maritime shall cease. Accordingly, the results of operations after completion of the Redomiciliation Merger will be those of Star Bulk.

#### **Regulatory Approvals**

Star Maritime and Star Bulk do not expect that the Redomiciliation Merger will be subject to any state or federal regulatory requirements other than filings under applicable securities laws and the effectiveness of the registration statement of Star Bulk of which this joint proxy statement/prospectus is part, and the filing of certain merger documents with the Registrar of Corporations of the Republic of the Marshall Islands and with the Secretary of State of the State of Delaware. Star Maritime and Star Bulk intend to comply with all such requirements. We do not believe that, in connection with the completion of the Redomiciliation Merger, any consent, approval, authorization or permit of, or filing with or notification to, any merger control authority will be required in any jurisdiction.

#### **Appraisal Rights**

Under applicable Delaware law, Star Maritime stockholders do not have the right to dissent and exercise appraisal rights to demand payment of the fair value of their Star Maritime common stock if the Redomiciliation Merger is completed.

## THE ACQUISITION AGREEMENTS

The summary of the material terms of the Acquisition Agreements appearing below and elsewhere in this joint proxy statement/prospectus is subject to the terms and conditions of the Memoranda of Agreement, or MOAs, the Supplemental Agreement and the Master Agreement. The eight Memoranda of Agreement are attached to this joint proxy statement/prospectus as Appendix A through Appendix H, the Supplemental Agreement is attached as Appendix I and the Master Agreement is attached as Appendix J. This summary may not contain all of the information about the Acquisition Agreements that is important to you. We encourage you to read carefully the Acquisition Agreements in their entirety.

### General

Upon the delivery of the vessels in the initial fleet from subsidiaries of TMT, Star Bulk's fleet will be comprised of two Capesize, one Panamax and five Supramax drybulk carriers. These drybulk carriers will transport a variety of drybulk cargoes such as coal, iron ore and grain. The vessels have a combined cargo capacity of 691,213 deadweight tons, or dwt. The average age of the eight vessels in the initial fleet is approximately 10 years. TMT is a global shipping company with its management headquarters located in Taiwan. TMT has approximately 50 years of experience in the shipping industry. TMT owns through companies registered in Panama and/or operates or invests in vessels in several shipping sectors, including crude oil tankers, drybulk carriers and liquefied natural gas, or LNG, carriers.

### Purchase Price

Pursuant to the Acquisition Agreements, Star Bulk will acquire the vessels in its initial fleet from certain wholly-owned subsidiaries of TMT for an aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of Star Bulk's common stock. The number of shares of Star Bulk common stock that TMT will receive as part of the aggregate share price was determined by dividing the balance of the aggregate purchase price after subtracting the cash portion of it by \$9.63 per common share which price was the average trading price of Star Maritime's common stock during the 10 trading days prior to signing the Memorandum of Understanding by which the aggregate purchase price was agreed upon. Such shares will be delivered to TMT upon the closing of the Redomiciliation Merger. The eight drybulk carriers that Star Bulk has agreed to purchase constitute 12% of TMT's fleet of 63 vessels, including 22 newbuildings as of June 30, 2007.

Under the Master Agreement, as amended, Star Bulk has also agreed to issue to TMT or its nominated affiliates an additional 1,606,962 shares of common stock of Star Bulk, which we refer to as the Additional Stock, as follows: (i) 803,481 shares of Star Bulk's common stock, no more than 10 business days following Star Bulk's filing of its Annual Report on Form 20-F for the fiscal year ended December 31, 2007; and (ii) an additional 803,481 shares of Star Bulk's common stock, no more than 10 business days following Star Bulk's filing of its Annual Report on Form 20-F for the fiscal year ended December 31, 2008.

### The Initial Fleet

TMT is obligated to deliver each vessel not later than the completion of such vessel's cargo discharge at the last port of the laden voyage following the Redomiciliation Merger. Star Maritime expects that all vessels in the initial fleet will be delivered to Star Bulk by TMT within 60 days following the Redomiciliation Merger. TMT has undertaken to procure the employment of six of the eight vessels under time charters with first class charterers, subject to such minimum terms and aggregate targeted daily time charter hire rates as provided in the agreements and upon standard industry terms for employment of the vessels. Each time charter will be novated to Star Bulk upon

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delivery of the relevant vessel. TMT has also agreed to procure the time charters with third party charterers or, in the case of the Panamax vessel and, at its sole option, one of the Supramax vessels, with a TMT affiliate as charterer. If the aggregate target daily time charter hire rate is not achieved, TMT has agreed to pay Star Bulk the difference between the aggregate daily hire rate fixed by TMT for the vessels under the time charters and the agreed aggregate minimum daily time charter hire rate.

As of the date of this joint proxy statement/prospectus, TMT has procured charters with third party charterers for five of the eight vessels in the initial fleet in accordance with the terms of the Acquisition Agreements. In addition, two subsidiaries of Star Bulk have each entered into time charter agreements with TMT for the *C Duckling* (to be renamed the *Star Gamma*) and the *Mommy Duckling* (to be renamed the *Star Iota*). The table below provides summary information about Star Bulk's fleet:

Vessel	Type	Dwt	Year Built	Employment	
				Type/Term	Daily Time Charter Hire Rate
<i>A Duckling</i>	Capesize	175,075	1992	Time charter/3 years	\$ 47,500
<i>B Duckling</i>	Capesize	174,691	1993	Spot	N/A
<i>C Duckling</i>	Supramax	52,500	2002	Time charter/1 year	\$ 28,500
<i>F Duckling</i>	Supramax	52,434	2000	Time charter/2 years	\$ 25,800
<i>G Duckling</i>	Supramax	52,434	2001	Time charter/2 years	\$ 25,550
<i>I Duckling</i>	Supramax	52,994	2003	Time charter/1 year	\$ 30,500
<i>J Duckling</i>	Supramax	52,500	2003	Time charter/2 years	\$ 32,500
<i>Mommy Duckling</i>	Panamax	78,585	1983	Time charter/1 year	\$ 18,000
<b>Totals</b>		691,213			\$ 208,350

TMT has a fixed legal obligation under the MOAs to deliver the vessels to Star Bulk and its subsidiaries. The inability of TMT to deliver a vessel under an MOA would arise only in rare circumstances, for example, if the vessel becomes an actual, constructive or compromised total loss. In such circumstance, the standard terms of an MOA would provide that the deposit (inclusive of the interest) would be returned to the buyers and the MOA would become null and void. The Company negotiated with TMT to strike these standard provisions from the MOAs and in the event a vessel is unable to be delivered in the unlikely event of a delivery failure, TMT is obliged to deliver a replacement vessel. The MOAs therefore provide an additional benefit to the Company and its shareholders over that of a standard MOA. We do not believe that the indemnification of a suitable replacement vessel should pose any material risk since a liquid global vessel purchase market exists. A replacement vessel can be substituted from TMT's existing fleet or can be readily purchased by TMT in the open market. The Company will not resolicit a shareholder vote if TMT delivers a replacement vessel.

If TMT is unable to deliver a vessel pursuant to the applicable MOA, Star Bulk and TMT have agreed to confer and cooperate to identify a replacement vessel and enter into a binding purchase agreement for such replacement vessel. If a binding purchase agreement for a replacement vessel is not entered into within 45 days from the required delivery date of the vessel being replaced, Star Bulk will have the right to terminate the MOA for the vessel being replaced. Star Bulk has agreed to pay TMT for the price difference in cash if the purchase price (based on prevailing market rates) of any replacement vessel will be higher than the portion of the purchase price allocated to the vessel being replaced. The payment will be made concurrently with the delivery of the replacement vessel. If the purchase price (based on prevailing market rates) of any replacement vessel is lower than the portion of the purchase price allocated to the vessel being replaced, Star Bulk will benefit from such price reduction. Star Bulk expects that the replacement vessel would be a drybulk carrier of the type being

replaced (Capesize, Panamax or Supramax) or if another type of drybulk carrier, would be able to generate equivalent revenue.

Under each of the MOAs, TMT warrants that each vessel, at the time of its delivery, will be free of all encumbrances, mortgages and maritime liens or any other debts. TMT will indemnify Star Bulk against all claims made against each vessel incurred prior to delivery and Star Bulk will indemnify TMT against all claims made against each vessel incurred after delivery.

Star Bulk has inspected each vessel's records of the relevant classification society, and has physically inspected all vessels in the initial fleet. A divers' inspection will be conducted prior to each vessels' delivery to Star Bulk.

#### **TMT Lock-Up Period**

The Master Agreement generally restricts TMT and its affiliates holding Star Bulk's common stock issued to TMT as the Stock Consideration, without the prior written consent of Star Bulk, from directly or indirectly offering, selling, hedging or otherwise disposing of Star Bulk's common stock and from engaging in certain other transactions relating to such securities for a period of 180 days commencing on the effective date of the Redomiciliation Merger.

#### **Registration Rights**

Under the Master Agreement, Star Bulk has agreed, with some limited exceptions, to include the shares of Star Bulk's common stock comprising the stock consideration portion of the aggregate purchase price and the Additional Stock, which we collectively refer to as the Registrable Securities, in Star Bulk's registration statement of which this joint proxy statement/prospectus is a part. In addition, Star Bulk has granted TMT (on behalf of itself or its affiliates that hold Registrable Securities) the right, under certain definitive, pre-determined circumstances and subject to certain restrictions, including lock-up and market stand-off restrictions, to require Star Bulk to register the Registrable Securities under the Securities Act of 1933, as amended, in the future. Under the Master Agreement, TMT also has the right to require Star Bulk to make available shelf registration statements permitting sales of shares into the market from time to time over an extended period. In addition, TMT will have the ability to exercise certain piggyback registration rights 180 days following the effective date of the Redomiciliation Merger. All expenses relating to such registration will be borne by Star Bulk. Following the Redomiciliation Merger, TMT and/or its affiliates will own 12,537,645 shares of Star Bulk's common stock entitled to these registration rights and Star Bulk has agreed to issue to TMT and/or its affiliates an additional 1,606,962 shares of Star Bulk's common stock in two installments entitled to these registration rights, as discussed under the heading "The Acquisition Agreements Purchase Price."

#### **Director Nominees**

Under the Master Agreement, TMT has the right to nominate, and Star Bulk and Star Maritime have agreed to cause the appointment and election of two members of the board of directors of Star Bulk, Mr. Nobu Su and Mr. Peter Espig, each of whom shall serve upon the effective time of the Redomiciliation Merger, until their successors have been duly elected and qualified. For so long as Mr. Nobu Su serves on the board of directors of Star Bulk, he will receive the title of non-executive Co-Chairman of Star Bulk. See "Information Concerning Star Bulk Executive Officers and Directors".

#### **Termination**

The Master Agreement will terminate and be of no further force or effect in the event that the Redomiciliation Merger is not authorized and approved by the requisite vote of Star Maritime's stockholders.

## Expenses

Under the Master Agreement, each of Star Maritime, Star Bulk and TMT are responsible for its own expenses in connection with the preparation, negotiation, execution and delivery of the MOAs, the Supplemental Agreement and the Master Agreement; provided that, regardless of whether the Master Agreement or the transactions contemplated by the Master Agreement are terminated, Star Maritime will pay for or reimburse TMT for all reasonable fees and expenses of its legal counsel in connection with the preparation, negotiation, execution and delivery of the Acquisition Agreements up to \$25,000. In addition, Star Bulk has agreed to pay all reasonable expenses (including legal fees and expenses) of TMT in connection with soliciting the stockholders of Star Maritime to vote in favor of, and approve, the Redomiciliation Merger.

## Conditions to the Purchase of the Vessels

### *Conditions to Star Bulk's and TMT's obligations*

The obligations of Star Bulk to purchase the vessels in the initial fleet and the obligations of TMT to sell the vessels are subject to certain conditions. Star Maritime cannot complete the Redomiciliation Merger unless: (1) the holders of at least a majority of the issued and outstanding shares of Star Maritime entitled to vote at the special meeting vote in favor of the Redomiciliation Merger; (2) holders of at least a majority of the shares of common stock issued in the Initial Public Offering and the Private Placement vote in favor of the Redomiciliation Merger; and (3) holders of less than 6,600,000 shares of common stock, such number representing 33.0% of the 20,000,000 shares of Star Maritime common stock issued in the Initial Public Offering and Private Placement, vote against the Redomiciliation Merger and exercise their redemption rights to have their shares redeemed for cash.

### *Conditions to Star Bulk's obligations*

The obligation of Star Bulk to purchase the vessels from TMT is subject to the satisfaction or waiver of the following conditions:

due authorization, execution and delivery by TMT of the Master Agreement;

the representations and warranties of TMT contained in the Master Agreement must be true and correct;

TMT and each vessel selling subsidiary have performed all obligations requested of them under the Acquisition Agreements in all material aspects.

the performance of the transactions contemplated in the Master Agreement upon the terms and subject to the conditions set forth in the Master Agreement shall not, in the reasonable judgment of Star Bulk, violate, and shall not subject Star Bulk to any material penalty or liability under, any law, rule or regulation binding upon Star Bulk;

no legal or governmental action, suit or proceeding shall have been instituted or threatened before any court, administrative agency or tribunal, nor shall any order, judgment or decree have been issued or proposed to be issued by any court, administrative agency or tribunal, to set aside, restrain, enjoin or prevent the consummation of the Master Agreement of the transactions contemplated thereby; and

TMT and each vessel selling subsidiary have performed all obligations required of them under the Acquisition Agreements in all material respects.

*Conditions to TMT's obligations*

The obligation of the TMT to sell the vessels in the initial fleet to Star Bulk is subject to the satisfaction or waiver of the following conditions:

due authorization, execution and delivery by Star Bulk of the Master Agreement;

the representations and warranties of Star Bulk contained in the Master Agreement must be true and correct;

the performance of the transactions contemplated in the Master Agreement upon the terms and subject to the conditions set forth in the Master Agreement shall not, in the reasonable judgment of TMT, violate, and shall not subject TMT to any material penalty or liability under, any law, rule or regulation binding upon any of them;

no legal or governmental action, suit or proceeding shall have been instituted or threatened before any court, administrative agency or tribunal, nor shall any order, judgment or decree have been issued or proposed to be issued by any court, restrain, enjoin or prevent the consummation of the Master Agreement or the transactions contemplated thereby.

Star Maritime, Star Bulk or Star Bulk's vessel purchasing nominees have performed all obligations required of them under the Acquisition Agreements in all material respects.

**Governing Law**

Each of the Acquisition Agreements is governed by and construed under the laws of the State of New York without regard to conflicts of laws principles.



## ACQUISITION FINANCING

### Acquisition Financing

On May 10, 2007, we entered into a commitment letter with Commerzbank AG that should, subject to the approval of the Redomiciliation Merger, provide us with a senior secured term loan of up to \$120,000,000 or 80% of the fair market value of our initial fleet, whichever is lower, with a nine year term. Upon signing the term loan facility agreement we will be committed to pay a management fee of 0.5% of the loan amount and a commitment fee of 0.35% per annum payable quarterly in arrears over the committed but un-drawn portion of the loan. We expect to drawdown approximately \$40.0 million, which we expect will be less than 11.6% of the fair market value of our initial fleet, under our term loan to partially fund the acquisition of our initial fleet. We may draw down up to an additional \$70.0 million to replace funds used for the redemption of up to 32.99% of shareholders that are eligible to redeem if the Redomiciliation Merger is approved. Under the terms of our senior secured term loan, the repayment of \$120.0 million which is the maximum we are able to drawdown is divided into two tranches. The first tranche incorporates up to the first \$50.0 million that is drawn down and will be repayable in twenty-eight consecutive quarterly installments commencing twenty-seven months after draw down but no later than March 31, 2010 (the first four installments will amount to \$2.25 million each, the next thirteen installments will amount to \$1.0 million each and the remaining eleven installments will amount to \$1.3 million each) and a final balloon payment of \$13.7 million payable together with the last installment. The second tranche incorporates the balance of the loan up to the full amount of \$120.0 million which can be drawn down which we expect will be less than 34.8% of the fair market value of our initial fleet. The balance of the draw down will be repayable in twenty-eight consecutive quarterly installments commencing twenty-seven months after draw down but no later than March 31, 2010 (the first four installments will amount to \$4.0 million each and the remaining twenty-four installments will amount to \$1.75 million each) and a final balloon payment of \$12.0 million payable together with the last installment. Should any tranche not be drawn down with the maximum amount specified above, the repayment installments will be reduced in the inverse order of maturity. Our term loan is expected to be effective as of the effective date of the Redomiciliation Merger, and bear interest at LIBOR plus a margin at a minimum of 0.8% to a maximum of 1.25% depending on whether our aggregate drawdown ranges from 60% up to 75% of the aggregate market value of our initial fleet. Our term loan will contain financial covenants, including requirements to maintain (i) a minimum liquidity of \$10,000,000 or \$1,000,000 per vessel whichever is greater which includes undrawn funds of the credit facility; and (ii) a minimum market value adjusted equity ratio of 25%. Our term loan will also contain general covenants, including requirements that (i) Petros Pappas may not resign without the consent of the lender; and (ii) Prokopios Tsirigakis remain as chief executive officer. Following the completion of the Redomiciliation Merger Star Bulk expects to be able to comply with all of these covenants.

## THE MERGER AGREEMENT

The summary of the material terms of the Merger Agreement below and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the Merger Agreement, a copy of which is attached to this joint proxy statement/prospectus as Appendix K. This summary may not contain all of the information about the Merger Agreement that is important to you. We encourage you to read carefully the Merger Agreement in its entirety.

### Structure and Effective Time of Merger

At the effective time of the Merger, Star Maritime will merge with and into Star Bulk, the separate corporate existence of Star Maritime will cease and Star Bulk will be the surviving corporation. The effective time of the Merger will occur as promptly as possible after the satisfaction or waiver of all conditions to closing in the Merger Agreement by filing a certificate of merger or similar document with the Secretary of State of the State of Delaware and the Registrar of Corporations of the Republic of the Marshall Islands. We will seek to complete the Redomiciliation Merger in the fourth quarter of 2007. However, we cannot assure you when, or if, all the conditions to completion of the Redomiciliation Merger will be satisfied or waived.

### Merger Consideration

Pursuant to the Merger Agreement, each outstanding share of Star Maritime common stock, par value \$0.0001 per share, will be converted into the right to receive one share of Star Bulk common stock, par value \$0.01 per share, and each outstanding warrant of Star Maritime will be assumed by Star Bulk with the same terms and restrictions except that each will be exercisable for common stock of Star Bulk.

### Articles of Incorporation; By-laws

The Articles of Incorporation and By-laws of Star Bulk in effect immediately prior to the Redomiciliation Merger will be the articles of incorporation and by-laws of the surviving corporation.

### Directors and Officers

Star Bulk's board of directors will consist of seven members effective upon the completion of the Redomiciliation Merger. Each of Star Maritime's current directors: Messrs. Tsirigakis, Syllantavos, Pappas, Erhardt and Søfteland will serve as directors of Star Bulk. In addition, Mr. Nobu Su and Mr. Peter Espig, each nominees of TMT, will serve as directors of Star Bulk. Each of Messrs. Pappas and Su will serve as non-executive Co-Chairman.

### Procedure for Receiving Merger Consideration

*Exchange Agent.* As of the effective time of the Redomiciliation Merger, Star Bulk will deposit with American Stock Transfer & Trust Company, or the Exchange Agent, for the benefit of the holders of shares of Star Maritime common stock, the Star Bulk shares of common stock issuable in exchange for the outstanding shares of Star Maritime common stock. At the time of such deposit, Star Bulk will irrevocably instruct the Exchange Agent to deliver the Star Bulk common shares to Star Maritime "s security holders after the effective time of the Redomiciliation Merger.

*Exchange Procedures.* As soon as reasonably practicable after the effective time of the Redomiciliation Merger, the Exchange Agent will mail to each Star Maritime stockholder of record that participated in the Redomiciliation Merger, a letter of transmittal, with instructions for use in surrendering Star Maritime common stock in exchange for Star Bulk common stock. Upon surrender of a Star Maritime common stock for cancellation to the Exchange Agent, together with such letter of

transmittal, duly completed and validly executed, and such other documents as may reasonably be required by the Exchange Agent, such stockholder will be entitled to receive in exchange therefore the Star Bulk common stock and shares of Star Maritime common stock so surrendered will be canceled. In the event of a transfer of ownership of Star Maritime common stock that is not registered in the transfer records of Star Maritime, a certificate evidencing the proper number of Star Bulk common stock may be issued in exchange therefore to a person other than the person in whose name the Star Maritime common stock so surrendered is registered if certificates representing such Star Maritime common stock is properly endorsed or otherwise in proper form for transfer and the person requesting such issuance pays any transfer or other taxes required by reason of the issuance of Star Bulk common stock to a person other than the registered holder of such Star Maritime common stock or establishes to the satisfaction of Star Bulk that such tax has been paid or is not applicable. Until surrendered, each Star Maritime common stock will be deemed at any time after the effective time of the Redomiciliation Merger to represent only the right to receive upon such surrender the Star Bulk common stock that the holder thereof has the right to receive. Each outstanding warrant of Star Maritime will be assumed by Star Bulk with the same terms and restrictions, except that each will be exercisable for common stock of Star Bulk.

*Distributions with Respect to Unexchanged Shares.* No dividends or other distributions declared or made with respect to Star Bulk shares with a record date after the effective time of the Redomiciliation Merger will be paid to the holder of any unsurrendered Star Maritime stock certificate with respect to Star Bulk shares represented thereby, if any, and all such dividends and other distributions will be paid by Star Bulk to the Exchange Agent, until the surrender of such stock certificate. Subject to the effect of applicable escheat or similar laws, following surrender of any such stock certificate there will be paid to the holder of whole Star Bulk shares issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of dividends or other distributions with a record date after the effective time of the Redomiciliation Merger theretofore paid with respect to such whole Star Bulk shares and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the effective time of the Redomiciliation Merger but prior to such surrender and with a payment date subsequent to such surrender payable with respect to such whole Star Bulk shares.

*No Further Ownership Rights in Star Maritime Securities.* All certificates evidencing Star Bulk common stock issued will be deemed to have been issued and paid in full satisfaction of all rights pertaining to the Star Maritime common stock formerly represented by such Star Maritime stock certificates. At the close of business on the day on which the effective time of the Redomiciliation Merger occurs, the stock transfer books of Star Maritime will be closed, and there will be no further registration of transfers on the stock transfer books of the surviving corporation of the Star Maritime common stock that were outstanding immediately prior to the effective time of the Redomiciliation Merger. If, after the effective time of the Redomiciliation Merger, shares of Star Maritime common stock are presented to the surviving corporation or the Exchange Agent for transfer or any other reason, they will be canceled and exchanged.

*Fractional Shares.* No fractional shares of Star Bulk will be issued in the Redomiciliation Merger. The number of Star Bulk shares to be issued to the holder of a stock certificate previously evidencing Star Maritime common stock will be rounded up to the nearest whole share of Star Bulk.

*Termination of Exchange of Star Bulk Securities.* Any portion of the Star Bulk common stock that remains undistributed to the holders of Star Maritime common stock for six months after the effective time of the Redomiciliation Merger will be delivered to Star Bulk, upon demand, and any holders of Star Maritime common stock may thereafter look only to Star Bulk for shares of Star Bulk common stock.

*No Liability.* None of the Exchange Agent, the surviving corporation or any party to the Merger Agreement will be liable to a holder of Star Bulk shares or Star Maritime common stock for any

amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similar law.

*Lost, Stolen or Destroyed Star Maritime Securities.* In the event any shares of Star Maritime common stock have been lost, stolen or destroyed, the Exchange Agent will issue in exchange for such lost, stolen or destroyed share of Star Maritime common stock, upon the making of an affidavit and indemnity of that fact by the holder thereof in a form that is reasonably acceptable to the Exchange Agent, the required number of shares of Star Bulk common stock; provided, however, that Star Bulk may, in its reasonably commercial discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed shares of Star Maritime common stock to deliver a bond in such sum as it may reasonably direct against any claim that may be made against Star Bulk or the Exchange Agent with respect to such shares of Star Maritime common stock alleged to have been lost, stolen or destroyed.

## **Representations and Warranties**

In the Merger Agreement, the parties have made customary representations and warranties about themselves concerning various business, legal, financial, regulatory and other pertinent matters. Under certain definitive, pre-determined circumstances, each of the parties may decline to complete the Redomiciliation Merger if the inaccuracy of the other party's representations and warranties has a material adverse effect on the other party.

## **Conditions to the Redomiciliation Merger**

The completion of the Redomiciliation Merger is subject to the satisfaction or, if permissible, waiver of a number of conditions, comprising of (i) Star Maritime obtaining the requisite approval of its shareholders; (ii) Star Maritime receiving an opinion of counsel that (x) the Redomiciliation Merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code; (y) each of Star Bulk and Star Maritime will be treated as a "party to a reorganization" within the meaning of Section 368(b) of the Code; and (z) neither Star Maritime nor the stockholders of Star Maritime will recognize any taxable gain or loss for U.S. federal income tax purposes upon the consummation of the Redomiciliation Merger; (iii) Star Maritime receiving certificates from officers of Star Bulk and from the Registrar of Corporations of the Republic of the Marshall Islands; and (iv) the absence of any Material Adverse Effect, as defined in the Merger Agreement, with respect to Star Bulk, the likelihood of which was not previously disclosed to Star Maritime by Star Bulk. We expect to complete the Redomiciliation Merger in the fourth quarter of 2007, but we cannot be certain when or if the conditions will be satisfied or, if permissible, waived. We believe that the only material uncertainty which exists with respect to the conditions to the completion of the Redomiciliation Merger is obtaining the requisite vote of Star Maritime shareholders. Obtaining the requisite shareholder vote is the only condition that may not be waived by Star Bulk. Currently, no condition precedent to the completion of the Redomiciliation Merger has been satisfied. Please read Article VII of the Agreement and Plan of Merger attached hereto as Appendix K for a complete list of conditions to the Redomiciliation Merger. Star Maritime believes that the only material condition to the completion of the Redomiciliation Merger is obtaining the requisite shareholder vote. Accordingly, Star Maritime does not anticipate resoliciting shareholder approval if any of the other conditions to the Redomiciliation Merger are waived. Star Bulk does not currently expect to waive any of the conditions.

## **Termination of the Merger Agreement**

The Merger Agreement may be terminated at any time prior to the effective time of the Redomiciliation Merger by mutual consent in writing of Star Maritime and Star Bulk or unilaterally by one party to the Merger Agreement if the other party to the Merger Agreement materially breaches

one of its material representation and warranties or fails to comply with a material condition in the Merger Agreement.

**Effect of Termination**

In the event of termination of the Merger Agreement by either Star Maritime or Star Bulk, the Merger Agreement will become void and there shall be no further obligation on the part of either Star Bulk or Star Maritime. No party shall be relieved from liability for any breach of the Merger Agreement.

**Expenses**

Whether or not the Redomiciliation Merger is consummated, all costs and expenses incurred in connection with Merger Agreement and the transactions contemplated thereunder shall be paid by the party incurring such costs and expenses, except as otherwise specifically provided for in the Merger Agreement.

**INFORMATION CONCERNING STAR MARITIME ACQUISITION CORP.**

**General: Initial Public Offering**

Star Maritime is a blank check company, also known as a Business Combination Company or BCC, organized under the laws of the State of Delaware on May 13, 2005. Star Maritime was formed to acquire, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more target businesses in the shipping industry. On December 15, 2005, Star Maritime consummated a private placement whereby certain of our officers and directors purchased an aggregate of 1,132,500 units at \$10.00 per unit, generating gross proceeds of \$11,325,000. On December 21, 2005, Star Maritime consummated its initial public offering of 18,867,500 units. Each unit consists of one share of our common stock and one warrant. Each warrant entitles the holder to purchase one share of our common stock at an exercise price of \$8.00 per share. Star Maritime's common stock and warrants started trading separately as of February 27, 2006. The units sold in Star Maritime's initial public offering were sold at an offering price of \$10.00 per unit, generating gross proceeds of \$188,675,000. The net proceeds from the initial public offering and the private placement after deducting certain offering expenses of \$10,217,665 including underwriting discounts and commissions and placement fees were \$189,807,335. Of this amount, \$188,675,000 was deposited into a Trust Account, \$599,163 was used to repay interest and debt to Star Maritime's Chairman, Chief Executive Officer and President, Mr. Tsirigakis for a loan advanced to us to cover expenses related to the initial public offering and the remaining proceeds of \$533,172, which after payment of \$170,000 of additional financing fees, provided us with \$363,172, which was deposited and held outside of the Trust Account to be used to provide for business, legal and accounting due diligence on prospective business combinations and continuing operating expenses. The Trust Account is not to be released until the earlier of the consummation of a business combination or liquidation of Star Maritime. During the fiscal year ended December 31, 2006, we incurred \$1,211,100 of expenses, \$363,172 of such operating expenses were provided by the net proceeds of the initial public offering that were not deposited in the Trust Account, and \$847,928 of such operating expenses were provided by distributions of net interest income from the Trust Account, made in accordance with the procedures set forth in the Investment Management Trust Agreement, dated December 21, 2005 between Star Maritime and American Stock Transfer & Trust Company. The net proceeds deposited into the Trust Account remain on deposit in the Trust Account earning interest. As of June 30, 2007, there was \$196,084,213 held in the Trust Account, including interest income of \$9,406,019. The amount in the Trust Account includes \$3,773,500 of contingent underwriting compensation and \$226,500 of contingent private placement fees which will be paid to the underwriters of our initial public offering if the Redomiciliation Merger is consummated, but which will be forfeited in part if public stockholders elect to have their shares redeemed for cash.

**Fair Market Value of Target Business**

Pursuant to the terms of Star Maritime's initial public offering, the initial target business that Star Maritime acquires must have a fair market value equal to at least 80% of Star Maritime's net assets at the time of such acquisition, determined by Star Maritime's board of directors based on standards generally accepted by the financial community, such as actual and potential sales, earnings, cash flow and book value. Star Maritime is not required to obtain an opinion from an investment banking firm as to fair market value if its board independently determines that the target business has sufficient fair market value. Star Maritime has not obtained any opinion from an investment banking firm in connection with the Redomiciliation Merger.

**Liquidation If No Business Combination**

If Star Maritime does not complete a business combination with a target business by December 21, 2007, Star Maritime will be dissolved as a part of a plan of dissolution and liquidation in accordance with the applicable provisions of Delaware General Corporate Law, or DGCL and will distribute to

holders of shares that were initially issued in its initial public offering, in proportion to their respective equity interests, sums in the Trust Account, inclusive of any interest, plus any remaining net assets. In the event Star Maritime seeks stockholder approval for a plan of dissolution and distribution and does not obtain such approval, it will nonetheless continue to pursue stockholder approval for its dissolution. Pursuant to the terms of Star Maritime's amended and restated certificate of incorporation, its directors have agreed to dissolve after December 21, 2007 (assuming that there has been no business combination consummated), and Star Maritime's powers following the expiration of the permitted time period for consummating a business combination will automatically thereafter be limited to acts and activities relating to dissolving and winding up its affairs, including liquidation. The funds held in the Trust Account may not be distributed except upon Star Maritime's dissolution and, unless and until such approval is obtained from Star Maritime's stockholders, the funds held in the Trust Account will not be released. Consequently, holders of a majority of Star Maritime's outstanding stock must approve its dissolution in order to receive the funds held in the Trust Account and the funds will not be available for any other corporate purpose (although they may be subject to creditor's claims as discussed elsewhere in this joint proxy statement/prospectus). Immediately upon the approval by Star Maritime's stockholders of a plan of dissolution and distribution, Star Maritime will liquidate the Trust Account to the holders of shares that were initially issued in its initial public offering (subject to any provision for unpaid claims against Star Maritime which it is advised must or should be withheld). Stockholders of Star Maritime who acquired their shares prior to Star Maritime's initial public offering have waived their rights to participate in any liquidation distribution with respect to shares of common stock owned by them prior to the initial public offering. There will be no distribution from the Trust Account with respect to Star Maritime's warrants.

Under the DGCL, Star Maritime stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. Star Maritime has not obtained waivers of claims against the Trust Account from any of its current creditors. As of June 30, 2007, Star Maritime has accrued obligations of \$474,520 and has working capital outside the Trust Account of \$618,474 to satisfy these obligations. In the event of liquidation, if working capital funds are insufficient to satisfy third party claims, creditors may bring a cause of action under Delaware law. The DGCL provides for limitations on the potential liability of stockholders if Star Maritime winds up its affairs in compliance with either Section 280 or Section 281(b) of that statute following a dissolution. If Star Maritime complies with either procedure, the DGCL (i) limits the potential liability of each stockholder for claims against Star Maritime to the lesser of the stockholder's pro-rata share of the claim or the amount distributed to the stockholder in liquidation and (ii) limits the aggregate liability of any stockholder for all claims against Star Maritime to the amount distributed to the stockholder for in dissolution. If Star Maritime were to comply with Section 280 instead of Section 281(b), the DGCL also would operate to extinguish the potential liability of its stockholders for any claims against Star Maritime unless litigation with respect to such claim has been commenced prior to the expiration of the statutory winding-up period under Delaware law (generally three years). In addition, compliance with Section 280 could potentially operate to bar certain claims if the claimant does not take specified actions within certain time frames specified in the statute.

In connection with our initial public offering, our initial stockholders each entered into a letter agreement whereby our initial stockholders agreed to indemnify Star Maritime against any loss, liability, claims, damage and expense whatsoever (including, but not limited to, any and all legal and other expenses reasonably incurred in investigating, preparing or defending against any litigation, whether pending or threatened, or any claim whatsoever) which Star Maritime may become subject as a result of any claim by any vendor that is owed money by Star Maritime for services rendered or products sold but only to the extent necessary to ensure that such loss, liability, claim, damage or expense does not reduce the amount in the Trust Account. Star Maritime's officers and directors have not provided personal guarantees for outstanding payment obligations of Star Maritime. However, pursuant to this

letter agreement, Star Maritime may seek indemnity from the initial stockholders to the extent amounts in the Trust Account are not sufficient to fund Star Maritime's liabilities and expenses.

Even though compliance with Section 280 of the DGCL would provide additional protections to both Star Maritime's directors and stockholders from potential liability for third party claims against Star Maritime, it is Star Maritime's intention to make liquidating distributions to its stockholders as soon as reasonably possible following any dissolution and, therefore, it does not expect that its board of directors will elect to comply with the more complex procedures of Section 280. Because Star Maritime will most likely not be complying with Section 280, it will seek stockholder approval to comply with Section 281(b) of the DGCL, requiring it to adopt a plan of dissolution that will provide for its payment, based on facts known to it at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against Star Maritime within the subsequent ten years. As such, Star Maritime's stockholders could potentially be liable for any claims to the extent of distributions received by them in a dissolution and any such liability of Star Maritime's stockholders will likely extend beyond the third anniversary of such dissolution. Because Star Maritime is a blank check company, rather than an operating company, and its operations have been limited to searching for prospective target businesses to acquire, the only other claims likely to arise would be from its vendors (such as accountants, lawyers, investment bankers, etc.). Star Maritime intends to attempt to enter into arrangements with most, if not all significant creditors whereby they agree to waive any right, title, interest or claim of any kind in or to any monies held in the Trust Account. As a result of this, Star Maritime believes that claims that could be made against Star Maritime would be significantly limited and the likelihood that any such claim would result in any liability extending to the Trust Account would be minimal. There is no guarantee that the creditors will agree to such arrangements, or even if they do that they would be prevented from bringing claims against the Trust Account.

Star Maritime expects that all costs associated with the implementation and completion of its plan of dissolution and liquidation, which it currently estimates to be approximately \$60,000 to \$85,000, will be funded by any funds not held in the Trust Account. There currently are not, and may not at that time, be sufficient funds for such purpose, in which event Star Maritime would have to seek funding or other accommodation to complete the dissolution and liquidation.

Star Maritime currently believes that any plan of dissolution and distribution would proceed in the following manner:

its board of directors will, consistent with its obligations described in its charter to dissolve, prior to the passing of such deadline, convene and adopt a specific plan of dissolution and distribution, which it will then vote to recommend to its stockholders; at such time it will also cause to be prepared a preliminary proxy statement setting out such plan of dissolution and distribution and the board's recommendation of such plan;

upon such deadline, it would file the preliminary proxy statement with the U.S. Securities and Exchange Commission (SEC);

if the SEC does not review the preliminary proxy statement, then approximately ten days following the passing of such deadline, it will mail the proxy statement to its stockholders, and approximately 30 days following the passing of such deadline it will convene a meeting of its stockholders at which they will either approve or reject the plan of dissolution and distribution; and

if the SEC does review the preliminary proxy statement, Star Maritime estimates that it will receive its comments approximately 30 days following the passing of such deadline. It will mail the proxy statements to its stockholders following the conclusion of the comment and review process (the length of which cannot be predicted with certainty), and it will convene a meeting



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of its stockholders at which it will either approve or reject its plan of dissolution and distribution.

In the event Star Maritime seeks stockholder approval for a plan of dissolution and distribution and does not obtain such approval, it will nonetheless continue to pursue stockholder approval for its dissolution. Pursuant to the terms of its charter, its powers following the expiration of the permitted time period for consummating a business combination will automatically thereafter be limited to acts and activities relating to dissolving and winding up its affairs, including liquidation. The funds held in the Trust Account may not be distributed except upon Star Maritime's dissolution (subject to third party claims as aforesaid) and, unless and until such approval is obtained from its stockholders, the funds held in its Trust Account will not be released (subject to such claims). Consequently, holders of a majority of Star Maritime's outstanding stock must approve its dissolution in order to receive the funds held in the Trust Account and the funds will not be available for any other corporate purpose (although they may be subject to such claims). In addition, if Star Maritime seeks approval from its stockholders to consummate a business combination within 30 days of December 21, 2007, the date by which it is required to consummate a business combination, the proxy statement related to such business combination will also seek stockholder approval for its board's recommended plan of distribution and dissolution, in the event its stockholders do not approve such business combination. If no proxy statement seeking the approval of its stockholders for a business combination has been filed 30 days prior to December 21, 2007, Star Maritime's board will, prior to such date, convene, adopt and recommend to its stockholders a plan of dissolution and distribution and on such date file a proxy statement with the SEC seeking stockholder approval for such plan. Immediately upon the approval by Star Maritime's stockholders of its plan of dissolution and distribution, Star Maritime will liquidate the Trust Account to the holders of its shares initially purchased in its initial public offering.

### **Property**

Star Maritime maintains its executive offices at 103 Foulk Road, Wilmington, Delaware 19803 and its telephone number is (302) 656-1950. We sublease these premises from Blue Diamond Realty, LLC, a Delaware limited liability company, or Blue Diamond. The sublease is for a thirteen month term effective December 1, 2006 through December 31, 2007, with an automatic renewal each year for an additional one year period, unless Star Maritime or Blue Diamond gives the other party at least 90 days written notice of its intent to terminate the sublease. The annual base rent and administrative services fees in the aggregate of \$4,000 payable to Blue Diamond on January 1 each year. Such fees are subject to adjustment annually in the event of an increase in cost of living, by the percentage by which the US Consumer Price Index, All Urban Consumers, All Items has increased since the previous anniversary of the Agreement.

### **Employees**

Star Maritime does not have any full time employees. Star Maritime has four officers, two of whom are also members of its board of directors. These individuals are not obligated to contribute any specific number of hours per week and since Star Maritime's initial public offering, have devoted such time as they deem necessary to Star Maritime's affairs. The amount of time they devote in any time period varies based on the availability of suitable target businesses to investigate.

### **Legal Proceedings**

Star Maritime is not currently a party to any litigation, and is not aware of any threatened litigation that would have a material adverse effect on its business.

## Directors and Executive Officers

Mr. Prokopios (Akis) Tsirigakis serves as Chairman, Chief Executive Officer and President. Mr. George Syllantavos serves as Chief Financial Officer and director. Mr. Christo Anagnostou serves as Vice President of Operations. Mr. Niko Nikiforos serves as Vice President of Business Development. Mr. Petros Pappas, Mr. Koert Erhardt and Mr. Tom Søfteland each serve as directors.

Set forth below is the biographical information for each of Mr. Anagnostou, who is 58 years old, and Mr. Nikiforos, who is 42 years old.

**Christo Anagnostou** has been Star Maritime's Vice President of Operations since inception. Since May 2005, he has been the General Manager of Combine Marine Inc., and since November 1999, he has been the General and Marine Operations Manager of Oceanbulk Maritime S.A., each of which are part of the Oceanbulk Group. In his capacities at Combine Marine Inc. and Oceanbulk Maritime S.A., he has been responsible for vessel acquisition and disposition transactions and the daily operational management of up to 32 vessels. From 1992 to October 1999, he served as the Operations Manager for Cardiff Marine Inc., a shipping management company which at the time had a fleet of over 35 oceangoing drybulk, tanker, reefer and container vessels. From 1981 to 1991, Mr. Anagnostou was the Operations Manager for Hydroussa Shipping Co, Ltd., and from 1974 to 1977, he was a Ship Operator for N.J. Goulandris (London) Ltd., both of which are ship management companies based in London, England. He is a Supporting Member of the London Maritime Arbitrators Association. Mr. Anagnostou received his B.Sc. in Economics from Athens Graduate University of Economics and Business Science and did his post graduate studies in Shipping Management at the London School of Foreign Trade, Morley College London.

**Niko Nikiforos** has been Star Maritime's Vice President of Business Development since inception. Since September 1997, he has been the Managing Director of Oceanbulk Shipping and Trading S.A., which provides ocean transportation solutions for international commodity companies and which, since December 2002, operates a regular liner service between the United States and South America. Since 1997, he has also been the Managing Director of Interchart Shipping Inc., which specializes in chartering dry cargo ships and serves as the exclusive chartering broker for the Oceanbulk Group. Since 1997, he has been the Commercial Director of Oceanbulk Maritime S.A. From 1995 to 1997, he served as a Shipbroker for Link Maritime Enterprises S.A., a ship brokering company. Mr. Nikiforos received his Diploma in Shipping from the London School of Foreign Trade.

For further information concerning the senior executive officers and directors of Star Maritime, please read "Information Concerning Star Bulk Carriers Corp. Directors and Executive Officers."

Star Maritime's board of directors is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term. At the first annual meeting of shareholders which took place on February 26, 2007, Petros Pappas was re-elected as a Class I director. The term of office of the second class of directors, consisting of Koert Erhardt and Tom Søfteland, would expire at the second annual meeting. The term of office of the third class of directors, consisting of Akis Tsirigakis and George Syllantavos, would expire at the third annual meeting.

## Executive Compensation

No executive officer has received any cash compensation for services rendered and no compensation of any kind, including finder's and consulting fees, will be paid to any of Star Maritime's officers and directors, or any of their respective affiliates, for services rendered prior to or in connection with the Redomiciliation Merger. However, these individuals will be reimbursed for any out-of-pocket expenses incurred in connection with activities on Star Maritime's behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. There is no limit on the amount of these out-of-pocket expenses and there will be no review of the reasonableness of the expenses by anyone other than our board of directors, which includes persons who may seek reimbursement, or a court of competent jurisdiction if such reimbursement is challenged.

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### Star Maritime Principal Stockholders

The following table sets forth, as of May 11, 2007, certain information regarding beneficial ownership of Star Maritime's common stock by each person who is known by Star Maritime to beneficially own more than 5% of its common stock. The table also identifies the stock ownership of each of Star Maritime's directors, each of its officers, and all directors and officers as a group. Except as otherwise indicated, the stockholders listed in the table have sole voting and investment powers with respect to the shares indicated.

Shares of common stock which an individual or group has a right to acquire within 60 days pursuant to the exercise or redemption of options, warrants or other similar convertible or derivative securities are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(2)(3)	Approximate Percentage of Outstanding Common Stock
Prokopios (Akis) Tsirigakis(1)	4,007,392	13.8%
George Syllantavos(1)	1,486,539	5.1%
Christo Aragnostou(1)	116,108	*
Niko Nikiforos(1)	116,108	*
Petros Pappas(1)	3,947,873	13.6%
Koert Erhardt(1)	340,269	1.2%
Tom SØfteland(1)	145,135	*
Directors and executive officers as a group (7 individuals)	10,159,424	35.0%
Oceanwood Global Opportunities Master Fund(5)	2,732,226	9.4%
The Baupost Group L.L.C.(6)	2,845,200	9.8%
Fir Tree Recovery(4)	736,970	2.5%
Sapling, LLC(4)	2,112,630	7.3%
Giovine Capital Group LLC(7)	3,430,600	11.8%
Ramius Capital Group LLC(8)	1,655,900	5.7%

\*less than one (1%) percent.

(1) Unless otherwise indicated, the business address of each of the individuals is c/o Star Maritime, 103 Foulk Road, Wilmington, Delaware 19803 and its telephone number is (302) 656-1950.

(2) Does not include shares of common stock issuable upon exercise of warrants that are not exercisable in the next 60 days.

(3) Our officers and directors have agreed to surrender to us for cancellation up to an aggregate of 200,000 shares in the event, and to the extent, stockholders exercise their right to redeem their shares for cash upon a business combination. The share amounts do not reflect any surrender of shares.

(4) Derived from a joint filing of a Schedule 13G/A on February 14, 2006 filed by Sapling, LLC and Fir Tree Recovery. Fir Tree, Inc. is the investment manager of both Sapling LLC and Fir Tree Recovery. Jeffrey D. Tannenbaum exercises voting and investment control over the securities held of record by Sapling, LLC and Fir Tree Recovery.

(5) Derived from a filing of a Schedule 13D/A on March 30, 2007 by Oceanwood Global Opportunities Master Fund. Christopher Gate exercises voting and investment control over the securities held of record by Oceanwood Global Opportunities Master Fund.

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- (6) Derived from a filing of a Schedule 13G on February 13, 2007 by The Baupost Group, L.L.C. Seth A. Klarman exercises voting and investment control over the securities held of record by The Baupost Group L.L.C.
- (7) Derived from a joint filing on Schedule 13G on August 3, 2007 by Giovine Capital Group LLC and Thomas A. Giovine.
- (8) Derived from a joint filing on Schedule 13G on August 13, 2007 by RCG Carpathia Master Fund, Ltd., Ramius Securities, L.L.C., RCG Baldwin, L.P., RCG Crimson, LP, Ramius Securities, L.L.C., C4S & Co., L.L.C. and Ramius Capital Group, L.L.C.

## STAR MARITIME SELECTED FINANCIAL INFORMATION

Star Maritime Acquisition Corp. was incorporated in Delaware on May 13, 2005 to serve as a vehicle for the acquisition through a merger, capital stock exchange, asset acquisition, or other similar business combination with one or more target businesses in the shipping industry. A target business includes one or more entities with agreements to acquire vessels or an operating business in the shipping industry. Star Maritime has not acquired an entity as of October 29, 2007. Star Maritime has selected December 31 as its fiscal year end. Star Maritime is considered to be in the development stage and is subject to the risks associated with activities of development stage companies. The selected financial information set forth below should be read in conjunction with the audited financial statements of Star Maritime and related notes included elsewhere in this joint proxy statement/prospectus.

**Star Maritime Acquisition Corp. and Subsidiary**  
(a development stage company)

**Condensed Consolidated Balance Sheets**  
(in U.S. dollars)

	June 30, 2007	December 31, 2006	December 31, 2005
(unaudited)			
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 620,400	\$ 2,118,141	\$ 593,281
Investments in trust account	196,084,213	192,915,257	188,858,542
Prepaid expenses and other current assets	122,234	149,647	118,766
<b>Total Current Assets</b>	<b>196,826,847</b>	<b>195,183,045</b>	<b>189,570,589</b>
Property and equipment, net	5,694	3,256	3,256
Deferred tax asset			9,000
<b>TOTAL ASSETS</b>	<b>\$ 196,832,541</b>	<b>\$ 195,186,301</b>	<b>\$ 189,579,589</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Accounts payable & accrued expenses	\$ 474,520	\$ 603,520	\$ 344,638
Deferred Interest on investments	3,290,971	2,163,057	
Deferred underwriting fees	4,000,000	4,000,000	4,000,000
Income taxes payable		206,687	
<b>Total Liabilities</b>	<b>7,765,491</b>	<b>6,973,264</b>	<b>4,344,638</b>
Common Stock, \$.0001 par value, 6,599,999 shares subject to possible redemption, at redemption value of \$9.80 per share	64,679,990	64,679,990	64,679,990
<b>Commitments</b>			
<b>Stockholders' Equity</b>			
Preferred Stock, \$.0001 par value; authorized, 1,000,000 shares; none issued or outstanding	2,903	2,903	2,903

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	June 30, 2007	December 31, 2006	December 31, 2005
Common Stock, \$.0001 par value, authorized, 100,000,000 shares; 29,026,924 shares issued and outstanding. (including 6,599,999 shares subject to possible redemption)			
Additional paid in capital	120,441,727	120,441,727	120,441,727
Earnings accumulated in the development stage	3,942,430	3,088,417	110,331
<b>Total Stockholders' Equity</b>	<b>124,387,060</b>	<b>123,533,047</b>	<b>120,554,961</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 196,832,541</b>	<b>\$ 195,186,301</b>	<b>\$ 189,579,589</b>

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**Star Maritime Acquisition Corp. and Subsidiary**  
(a development stage company)

**Condensed Consolidated Statements of Income**  
(in U.S. dollars)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)			
<b>Operating expenses</b>								
Professional fees	\$ 368,896	\$ 107,029	\$ 960,390	\$ 128,046	\$ 1,576,413	\$ 596,423	\$ 19,600	\$ 616,023
Insurance	22,500	37,000	48,780	63,250	165,256	112,242	4,234	116,476
Due diligence costs	33,199	45,997	76,496	57,293	339,373	262,877		262,877
Other	184,274	117,371	370,885	134,639	636,820	239,558	26,377	265,935
<b>Total operating expenses</b>	<b>608,869</b>	<b>307,397</b>	<b>1,456,551</b>	<b>383,228</b>	<b>2,717,862</b>	<b>1,211,100</b>	<b>50,211</b>	<b>1,261,311</b>
Interest income	1,187,784	1,162,544	2,310,564	2,157,198	6,889,979	4,395,873	183,542	4,579,415
Income before provision for income taxes	578,915	855,147	854,013	1,773,970	4,172,117	3,184,773	133,331	3,318,104
Provision for income taxes		122,120		243,326	229,687	206,687	23,000	229,687
<b>Net income</b>	<b>\$ 578,915</b>	<b>\$ 733,027</b>	<b>\$ 854,013</b>	<b>\$ 1,530,644</b>	<b>\$ 3,942,430</b>	<b>\$ 2,978,086</b>	<b>\$ 110,331</b>	<b>\$ 3,088,417</b>
<b>Earnings per share (basic and diluted)</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.05</b>	<b>\$ 0.17</b>	<b>\$ 0.10</b>	<b>\$ 0.01</b>	<b>\$ 0.14</b>
<b>Weighted average shares outstanding basic and diluted</b>	<b>29,026,924</b>	<b>29,026,924</b>	<b>29,026,924</b>	<b>29,026,924</b>	<b>23,328,717</b>	<b>29,026,924</b>	<b>9,918,282</b>	<b>21,601,120</b>

**Star Maritime Acquisition Corp. and Subsidiary**  
(a development stage company)

**Condensed Consolidated Statements of Stockholders' Equity**  
(in U.S. dollars)

	Common Stock		Additional paid-in capital	Earnings accumulated in the development stage	Total stockholders' equity
	Shares	Amount			
May 13, 2005 (Inception) to June 30, 2007					
Stock Issuance on May 17, 2005 at \$.003 per share	9,026,924	\$ 903	\$ 24,097		\$ 25,000
Private placement issued December 15, 2005 at \$10 per share	1,132,500	113	11,324,887		11,325,000
Common shares issued December 21, 2005 at \$10 per share	18,867,500	1,887	188,673,113		188,675,000
Expenses of offerings			(14,900,380)		(14,900,380)
Proceeds subject to possible redemption of 6,599,999 shares			(64,679,990)		(64,679,990)
Net income for the period May 13, 2005 (inception) to December 31, 2005				110,331	110,331
<b>Balance, December 31, 2005</b>	<b>29,026,924</b>	<b>\$ 2,903</b>	<b>\$ 120,441,727</b>	<b>\$ 110,331</b>	<b>\$ 120,554,961</b>
Net Income for the year ended December 31, 2006				2,978,086	2,978,086
<b>Balance, December 31, 2006</b>	<b>29,026,924</b>	<b>\$ 2,903</b>	<b>\$ 120,441,727</b>	<b>\$ 3,088,417</b>	<b>\$ 123,533,047</b>
Unaudited					
Net income for the six months ended June 30, 2007				854,013	854,013
<b>Balance, June 30, 2007</b>	<b>29,026,924</b>	<b>\$ 2,903</b>	<b>\$ 120,441,727</b>	<b>\$ 3,942,430</b>	<b>\$ 124,387,060</b>



**Star Maritime Acquisition Corp. and Subsidiary**  
(a development stage company)

**Condensed Consolidated Statements of Cash Flows**  
(in U.S. dollars)

	Six months ended June 30, 2007	Six months ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
	(unaudited)	(unaudited)	(unaudited)			
<b>Cash flows from operating activities:</b>						
<b>Net Income</b>	\$ 854,013	\$ 1,530,644	\$ 3,942,430	\$ 2,978,086	\$ 110,331	\$ 3,088,417
<b>Adjustments to reconcile net income to net cash (used in) provided by operating activities:</b>						
Depreciation	1,220		1,628	408		408
<b>Changes in operating assets and liabilities:</b>						
Increase in value of trust account	(3,168,956)	(2,213,374)	(7,409,213)	(4,056,715)	(183,542)	(4,240,257)
Decrease (increase) in prepaid expenses and other current assets	27,413	18,152	(122,234)	(30,881)	(118,766)	(149,647)
Increase (decrease) in deferred tax asset				9,000	(9,000)	
Increase (decrease) in accounts payable and accrued expenses	(129,000)	(226,126)	474,520	429,467	174,053	603,520
Increase in deferred interest	1,127,914	1,061,703	3,290,971	2,163,057		2,163,057
Increase (decrease) in taxes payable	(206,687)	267,967		206,687		206,687
<b>Net cash (used in) provided by operating activities</b>	<b>(1,494,083)</b>	<b>438,966</b>	<b>178,102</b>	<b>1,699,109</b>	<b>(26,924)</b>	<b>1,672,185</b>
<b>Cash flows from investing activities:</b>						
Payment to trust account			(188,675,000)		(188,675,000)	(188,675,000)
Capital expenditures	(3,658)		(7,322)	(3,664)		(3,664)
<b>Net cash used in investing activities</b>	<b>(3,658)</b>		<b>(188,682,322)</b>	<b>(3,664)</b>	<b>(188,675,000)</b>	<b>(188,678,664)</b>
<b>Cash flows from financing activities:</b>						
Gross proceeds from public offering			188,675,000		188,675,000	188,675,000
Gross proceeds from private placement			11,325,000		11,325,000	11,325,000
Proceeds of note payable to stockholder			590,000		590,000	590,000

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	Six months ended June 30, 2007	Six months ended June 30, 2006	May 13, 2005 (date of inception) to June 30, 2007	For the Year Ended December 31, 2006	May 13, 2005 (date of inception) to December 31, 2005	May 13, 2005 (date of inception) to December 31, 2006
Repayment of note payable to stockholder			(590,000)		(590,000)	(590,000)
Proceeds from sale of shares of common stock			25,000		25,000	25,000
Payment of offering costs			(10,900,380)	(170,585)	(10,729,795)	(10,900,380)
<b>Net cash provided by financing activities</b>			189,124,620	(170,585)	189,295,205	189,124,620
<b>Net cash (decrease) increase for period</b>	(1,497,741)	438,966	620,400	1,524,860	593,281	2,118,141
<b>Cash at beginning of period</b>	2,118,141	593,281		593,281		
<b>Cash at end of period</b>	<b>\$ 620,400</b>	<b>\$ 1,032,247</b>	<b>\$ 620,400</b>	<b>\$ 2,118,141</b>	<b>\$ 593,281</b>	<b>\$ 2,118,141</b>
<b>Supplemental cash disclosure</b>						
Interest paid	\$	\$	\$ 9,163		\$ 9,163	\$ 9,163
<b>Supplemental schedule of non-cash financing activities</b>						
Accrual of deferred underwriting fees	\$	\$	\$ 4,000,000		\$ 4,000,000	\$ 4,000,000
Accrual of offering costs	\$	\$	\$		\$ 170,585	

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATION OF STAR MARITIME ACQUISITION CORP.**

The following discussion should be read in conjunction with Star Maritime's financial statements and related notes thereto contained in this joint proxy statement/prospectus.

**Overview**

Star Maritime was formed on May 13, 2005 to acquire, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses in the shipping industry. Star Maritime's initial business combination must be with a target business or businesses whose fair market value is at least equal to 80% of Star Maritime's net assets at the time of such acquisition. As of December 31, 2006, there was \$192,915,257 held in the Trust Account, including interest income of \$4,240,257.

If Star Maritime does not consummate the Redomiciliation Merger or another business combination by December 21, 2007, then, pursuant to Article SIXTH of its Certificate of Incorporation, Star Maritime's officers must take all actions necessary in accordance with the Delaware General Corporation Law to dissolve and liquidate Star Maritime within 60 days of that date. There is substantial doubt that Star Maritime will continue as a going concern if the Redomiciliation Merger is not approved.

**Critical Accounting Policies**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainly in income taxes recognized in a company's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company adopted FIN 48 effective January 1, 2007. The adoption of FIN 48 did not have any impact on the accompanying financial statements since we have not identified any uncertain tax positions as defined by FIN 48. We recognize interest and penalties related to uncertain tax positions in income tax expense. The tax years 2005 and 2006 remain open to examination by the major jurisdictions to which we are subject.

Management does not believe that any recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements. Management is in the process of evaluating the impact of FIN 48 on its 2007 financial statements.

**Results of Operations for the three months ended June 30, 2007 and 2006**

For the three months ended June 30, 2007 and 2006, we earned net income after taxes of \$578,915 (\$1,160,433 before the deduction of \$581,518 of net interest attributable to common stock subject to redemption) and we earned net income after taxes of \$733,027 (\$1,305,047 before the deduction of \$572,020 of net interest attributable to common stock subject to redemption), respectively. Since we did not have any operations, all of our income was derived from interest income, most of which was earned on funds held in the Trust Account. Our operating expenses for the three months ended June 30, 2007 and 2006 was \$608,868 and \$307,397 respectively and consisted primarily of expenses related to

pursuing a business combination, due diligence, insurance costs and legal and accounting professional fees.

#### **Results of Operations for the six months ended June 30, 2007 and 2006**

For the six months ended June 30, 2007 and 2006, we earned net income after taxes of \$854,013 (\$1,981,927 before the deduction of \$1,127,914 of net interest attributable to common stock subject to redemption) and we earned net income after taxes of \$1,530,644 (\$2,592,347 before the deduction of \$1,061,703 of net interest attributable to common stock subject to redemption respectively). Since we did not have any operations, all of our income was derived from interest income, most of which was earned on funds held in the Trust Account. Our operating expenses for the six months ended June 30, 2007 and 2006 was \$1,456,551 and \$383,228 respectively and consisted primarily of expenses related to pursuing a business combination, due diligence, insurance costs and legal and accounting professional fees.

#### **General and Administrative Expenses**

We expect to incur the following general and administrative expenses, including our onshore expenses such as legal, financial and professional expenses:

Effective as of December 1, 2006, Blue Diamond agreed to sublet offices to the Company located at 103 Foulk Road, Wilmington, Delaware, and provide the Company with such office space and equipment, including a conference room, as well as administrative support necessary for the Company's business. The Agreement is for a one-year term effective December 1, 2006 through December 31, 2007, with an automatic renewal each year for an additional one year period, unless either party gives the other party at least 90 days written notice of its intent to terminate the Agreement. The Company shall pay Blue Diamond annual base rent and administrative services fees in the aggregate of \$4,000 payable on January 1 each year;

On October 4, 2006, Star Maritime entered into an agreement with Bongard Shipbrokers S.A., or Bongard, for purposes of engaging Bongard in connection with sourcing, developing contacts and making referrals for potential target businesses and providing evaluations of such potential target businesses. In exchange for such services, Star Maritime is obligated to pay a contingent fee of \$800,000 within thirty days of the closing of a business combination transaction. In the event that Star Maritime does not consummate a business combination transaction, no fees are payable to Bongard pursuant to the agreement.

On December 20, 2006, Star Maritime entered into an agreement with Cantor Fitzgerald & Co., or CF & Co., for purposes of engaging CF & Co. as financial advisor in connection with a possible business combination transaction. Pursuant to the agreement, CF & Co. was engaged to provide such services as creating financial models, advising on the structure of a possible transaction with a target business, negotiating agreements on behalf of and in conjunction with management and assisting management with the preparation of marketing and roadshow materials. In exchange for such services, Star Maritime is obligated to pay a contingent fee of \$1,250,000, plus expenses of up to \$60,000, within thirty days of the closing of a business combination transaction if such transaction is consummated by December 31, 2007.

On December 22, 2006, Star Maritime entered into an agreement with Maxim Group LLC, or Maxim, for purposes of engaging Maxim as co-lead financial advisor in connection with a possible business combination transaction. Pursuant to the agreement, Maxim was engaged to provide such services as creating financial models, advising on the structure of a possible transaction with a target business and assisting in the preparation of terms sheets or letters of intent. In exchange for such services, Star Maritime is obligated to pay a contingent fee of \$800,000 for any business combination transaction consummated during the term of the agreement (or within six months of the termination

date). The agreement terminates on October 31, 2007, unless terminated earlier by either Star Maritime or Maxim upon thirty days' written notice, or extended by mutual agreement.

The Initial Stockholders have agreed to surrender up to an aggregate of 200,000 of their shares of common stock to the Company for cancellation upon consummation of a business combination in the event public stockholders exercise their right to have the Company redeem their shares for cash. The number of shares that the Initial Stockholders will surrender will be determined by calculating the dollar amount of the Trust Account (exclusive of interest) paid to redeeming stockholders above the amount attributable to such stockholders (\$9.23 per share) and the Discount (\$0.20 per share) and dividing it by \$10.00 (the value attributed to the shares for purposes of this calculation). Accordingly, for each 1,000 shares redeemed up to 3,508,772 shares, the Initial Stockholders will surrender 57 shares for cancellation.

The Company has engaged the representative of the underwriters, on a non-exclusive basis, as its agent for the solicitation of the exercise of the warrants. To the extent not inconsistent with the guidelines of the NASD and the rules and regulations of the Securities and Exchange Commission, the Company has agreed to pay the representative for bona fide services rendered a commission equal to 5% of the exercise price for each warrant exercised more than one year after the date of the prospectus if the exercise was solicited by the underwriters. In addition to soliciting, either orally or in writing, the exercise of the warrants, the representative's services may also include disseminating information, either orally or in writing, to warrant holders about the Company or the market for the Company's securities, and assisting in the processing of the exercise of the warrants. No compensation will be paid to the representative upon the exercise of the warrants if certain conditions are met.

#### **Results of Operations for the Fiscal Year Ended December 31, 2006 and the Period from May 13, 2005 (inception) to December 31, 2005**

For the fiscal year ended December 31, 2006, we incurred \$1,211,100 of operating expenses, compared to \$50,211 during the period from May 13, 2005 (date of inception) through December 31, 2005, which were paid from the net proceeds that were not deposited into the trust account. Our operating expenses consisted primarily of expenses related to professional fees of \$596,423, insurance costs of \$112,242, due diligence fees in connection with the search for a business target of \$262,877 and other expenses of \$239,558. Other expenses incurred of \$265,935 for the period from inception to December 31, 2006 consist of: Depreciation (\$408); Financial Fees \$(1,387); Freight (\$2,806); Franchise Taxes (\$146,050); Rent (\$89,000); General and Administrative Expenses (\$16,351); and Interest Expense (\$9,933). The other expenses incurred of \$239,558 for the fiscal year ended December 31, 2006 consist of: Depreciation (\$408); Financial Fees (\$1,331); Freight (\$2,806); Franchise Taxes (\$144,025); Rent (\$89,000); and General and Administrative Expense (\$1,988).

"Franchise Taxes" refer to Delaware State taxes for Star Maritime, "Rent" refers to the \$7,500 per month to Schwartz & Weiss, P.C. for office space and certain other services performed in New York. "Interest Expense" refers to interest paid on Mr. Tsigakis' loan to Star Maritime prior to Star Maritime's initial public offering.

The increase in operating expenses from the period from May 13, 2005 (date of inception) through December 31, 2005, was the result of our due diligence efforts in searching for a business target after the initial public offering and the fee payable of \$7,500 per month for office space and certain other additional services from the law firm of Schwartz & Weiss, P.C.

For the fiscal year ended December 31, 2006, we earned net income after taxes of \$2,978,086 (\$5,141,143 before the deduction of \$2,163,057 of net interest attributable to common stock subject to possible redemption) compared to \$110,331 during the period from May 13, 2005 (date of inception) through December 31, 2005. Since we did not have any operations, all of our income was derived from the interest income earned on funds held in the trust account.

### Results of Operations for the Period from May 13, 2005 (inception) to December 31, 2006

For the period from May 13, 2005 (date of inception) through December 31, 2006, we incurred \$1,261,311 of operating expenses, which were paid from the net proceeds that were not deposited into the trust account. Our operating expenses consisted primarily of expenses related to professional and office fees of \$616,023, insurance costs of \$116,476, due diligence fees in connection with the search for a business target of \$262,877 and other expenses of \$265,935.

For the period from May 13, 2005 (date of inception) through December 31, 2006, we earned net income after taxes of \$3,088,417 (\$5,251,474 before the deduction of \$2,163,057 of net interest attributable to common stock subject to possible redemption). Since we did not have any operations, all of our income was derived from the interest income earned on funds held in the trust account.

During the period from May 13, 2005 (date of inception) through December 31, 2005, Mr. Tsirigakis advanced a total of \$590,000 at an interest rate of 4% per annum for payment of initial public offering expenses on or behalf. These loans were repaid following our initial public offering from the proceeds of the Initial Public Offering.

### Liquidity and Capital Resources

On December 15, 2005, we sold 1,132,500 units in the private placement to certain of our officers and directors. On December 21, 2005, we consummated our initial public offering of 18,867,500 units. Each unit in the private placement and the initial public offering consists of one share of common stock and one redeemable common stock purchase warrant. Each warrant entitles the holder to purchase from us one share of our common stock at an exercise price of \$8.00. Our common stock and warrants started trading separately as of February 27, 2006.

The net proceeds from the sale of our units, after deducting certain offering expenses of \$10,217,665 including underwriting discounts and commissions and placement fees, were \$189,807,335. Of this amount, \$188,675,000 was placed in the Trust Account, \$599,163 was used to repay debt and interest to Mr. Tsirigakis for a loan used to cover expenses related to the initial public offering and the remaining proceeds of \$533,172, which after payment of approximately \$170,000 of additional financing fees, provided us with approximately \$363,172 which was deposited and held outside of the Trust Account to be used to provide for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. The net proceeds deposited into the Trust Account remain on deposit in the Trust Account earning interest. As of March 31, 2007, there was approximately \$194,571,504 held in the Trust Account, of which up to \$4,000,000 will be paid to the underwriters if a business combination is consummated, but which will be forfeited in part if public stockholders elect to have their shares redeemed for cash if a business combination is not consummated. We will use substantially all of the net proceeds of the initial public offering to acquire the vessels in the initial fleet.

We will offer each public stockholder the right to have such stockholder's shares of common stock redeemed for cash if the stockholder votes against the Redomiciliation Merger, elects to exercise redemption rights, and the Redomiciliation Merger is approved and completed. The actual per-share redemption price is equal to \$10.00 per share, which amount represents \$9.80 per share, plus the pro rata portion of any accrued interest earned on the Trust Account (net of taxes payable) not previously distributed to us and \$0.20 per share plus interest thereon (net of taxes payable) of contingent underwriting compensation which the underwriters have agreed to forfeit to pay redeeming stockholders, calculated as of two days prior to the consummation of the Redomiciliation Merger. Accordingly, the actual per-share redemption price will fluctuate prior to the date such shares would be redeemed. We may effect the Redomiciliation Merger so long as stockholders owning less than 33% of the shares sold in the initial public offering and private placement vote against the Redomiciliation Merger and exercise their redemption rights. Accordingly, 6,599,999 shares of common stock are

subject to possible redemption. At June 30, 2007, \$64,679,990 of the net proceeds from the initial public offering, has been classified as common stock subject to possible redemption in the Company's balance sheet.

We believe we will have sufficient available funds outside of the Trust Account to operate through December 21, 2007, assuming that the Redomiciliation Merger is not consummated during that time. We do not believe we will need to raise additional funds in order to meet the expenditures required for operating our business.

#### **Off-Balance Sheet Arrangements**

Options and warrants issued in conjunction with our initial public offering are equity linked derivatives and accordingly represent off balance sheet arrangements. The options and warrants meet the scope exception in paragraph 11(a) of FAS 133 and are accordingly not accounted for as derivatives for purposes of FAS 133, but instead are accounted for as equity. See Footnote 2 to the financial statements for more information.

#### **Contractual Obligations**

We do not have any long term debt, capital lease obligations, operating lease obligations, purchase obligations or other long term liabilities.

#### **Quantitative and Qualitative Disclosures About Market Risk**

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices, and other market-driven rates or prices. Star Maritime is not presently engaged in any substantive commercial business. Accordingly, Star Maritime is not and, until such time as it consummates a business combination, it will not be, exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices. The net proceeds of Star Maritime's initial public offering held in the trust account have been invested only in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Given our limited risk in Star Maritime's exposure to money market funds, management does not view the interest rate risk to be significant.

**INFORMATION CONCERNING STAR BULK CARRIERS CORP.****General**

Star Bulk was formed on December 13, 2006 under the laws of the Republic of the Marshall Islands and has its principal offices located in Athens, Greece. Star Bulk, a wholly-owned subsidiary of Star Maritime, will be an independent commercial shipping company that will provide global transportation solutions in the drybulk shipping sector through its vessel-owning subsidiaries for a broad range of major and minor bulk cargoes including iron ore, coal, grain, cement, fertilizer, along worldwide shipping routes.

**Corporate Structure**

Star Bulk is a holding company that will own its vessels through separate wholly-owned subsidiaries. Star Bulk's wholly-owned subsidiary, Star Bulk Management Inc., or Star Bulk Management, will perform operational and technical management services for the vessels in the initial fleet, including chartering, marketing, capital expenditures, personnel, accounting, paying vessel taxes and maintaining insurance.

The names of the wholly-owned subsidiaries that will own each vessel are as follows:

<b>Subsidiary</b>	<b>Vessel Name</b>	<b>To be Renamed (TBR)</b>
Star Alpha Inc.	<i>A Duckling</i>	<i>Star Alpha</i>
Star Beta Inc.	<i>B Duckling</i>	<i>Star Beta</i>
Star Gamma Inc.	<i>C Duckling</i>	<i>Star Gamma</i>
Star Delta Inc.	<i>F Duckling</i>	<i>Star Delta</i>
Star Epsilon Inc.	<i>G Duckling</i>	<i>Star Epsilon</i>
Star Zeta Inc.	<i>I Duckling</i>	<i>Star Zeta</i>
Star Theta Inc.	<i>J Duckling</i>	<i>Star Theta</i>
Star Iota Inc.	<i>Mommy Duckling</i>	<i>Star Iota</i>

**Distinguishing Factors and Business Strategy**

The international drybulk shipping industry is highly fragmented and is comprised of approximately 6,300 ocean-going vessels of tonnage size greater than 10,000 dwt which are owned by approximately 1,500 companies. Star Bulk has not identified any particular companies that would be its direct competitors, it has however, identified the following factors that will distinguish it in the drybulk shipping industry.

*Extensive Industry Visibility.* Star Bulk's non-executive Co-Chairmen, Mr. Nobu Su and Mr. Petros Pappas, and its founder Mr. Akis Tsirigakis, each have extensive experience and relationships in the shipping industry and with charterers in the coal, steel and iron ore industries. Star Bulk intends to capitalize on these relationships and contacts to gain market intelligence and identify chartering opportunities with leading charterers in these core commodities industries, many of whom consider the reputation of a vessel owner and operator when entering into time charters.

*Established Customer Relationships.* Star Bulk believes that its Co-Chairmen, directors and management team have established relationships with leading charterers and a number of chartering, sales and purchase brokerage houses around the world. Star Bulk believes that its Co-Chairmen, directors and management team have maintained relationships with, and have achieved acceptance by, major national and private industrial users, commodity producers and traders.

*Experienced and Dedicated Management Team.* Star Bulk's founder and Chief Executive Officer, Mr. Akis Tsirigakis has Bachelors and Masters degrees from the University of Michigan in Naval Architecture and Marine Engineering. During his 28 year career in shipping he worked in all aspects of ship management and maintenance of drybulk carriers and tankers. Star Bulk believes that the



members of its management team have developed strong industry relationships with leading charterers, shipbuilders, insurance underwriters, protection and indemnity associations and financial institutions. All of the Company's officers intend to dedicate the necessary amount of time and effort to fulfill their obligations to Star Bulk and its shareholders.

*Highly efficient operations.* Star Bulk believes that its director's and executive officers' long experience in third-party technical management of drybulk carriers will enable Star Bulk to establish cost-efficient operations. Star Bulk intends to actively monitor and control vessel operating expenses while maintaining high quality of its fleet through regular inspection, maintenance programs, high standards of operation, vessel technical condition, safety and environmental protection through comprehensive planned maintenance systems, preventive maintenance programs and by retaining and training qualified crew members.

*Balanced Chartering Strategies.* All of Star Bulk's vessels, with the exception of the *Star Beta*, will be under medium- to long-term charters with terms of one to three years with an average of approximately one and a half years and provide for fixed semi-monthly payments in advance which Star Bulk expects to commence immediately upon their delivery to Star Bulk. Star Bulk believes that these charters will provide it with high fleet utilization and relatively stable revenues. Star Bulk may in the future pursue other market opportunities for its vessels to capitalize on favorable market conditions, including entering into short-term time and voyage charters, pool arrangements or bareboat charters.

*Focused Fleet Profile.* Star Bulk intends to focus on the larger size segments of the drybulk sector such as Capesize, Panamax and Supramax drybulk carriers. Star Bulk believes these segments offer greater potential compared to smaller drybulk carriers, such as Handymax and Handysize vessels. Furthermore, Star Bulk's targeted fleet profile will enable it to serve its customers in both major and minor bulk trades. Star Bulk's vessels will be able to trade worldwide in a multitude of trade routes carrying a wide range of cargoes for a number of industries. Star Bulk's drybulk carriers can carry coal and iron ore for energy and steel production as well as grain and steel products, fertilizers, minerals, forest products, ores, bauxite, alumina, cement and other cargoes. Star Bulk's fleet will include five sister ships. Operating sister and similar ships will provide Star Bulk with operational and scheduling flexibility, efficiencies in employee training and lower inventory and maintenance expenses. Star Bulk believes that operating sister ships will allow it to increase revenue and maintain lower operating costs.

*Modern Quality Fleet.* Star Bulk believes that its ability to maintain and increase its customer base will depend largely on the quality and performance of its fleet. Star Bulk believes that owning a modern, high quality fleet reduces operating costs, improves safety and provides it with a competitive advantage in obtaining employment for its vessels. Star Bulk will carry out regular inspections and maintenance of its fleet in order to maintain its high quality.

*Low Indebtedness Level.* Star Bulk will use substantially all of the funds in the Trust Account and up to \$50,000,000 in borrowings under the credit facility to purchase the vessels in the fleet, assuming Star Maritime stockholders do not exercise redemption rights. Star Bulk's relatively low level of indebtedness will provide it with a strong balance sheet and increases the amount of funds available to Star Bulk under the credit facility in connection with future acquisitions.

*Fleet Growth Potential.* Star Bulk intends to acquire additional drybulk carriers through timely and selective acquisitions of vessels in a manner that it determines would be accretive to cash flow. Star Bulk expects to fund acquisitions of additional vessels using amounts borrowed under the credit facility, future borrowings under other agreements as well as with gross proceeds of up to \$160,000,000 from the possible exercise of warrants.

*Pay quarterly dividends.* Star Bulk currently intends to pay quarterly dividends to the holders of its common shares, in February, May, August and November, in amounts that will allow it to retain a portion of its cash flows to fund vessel or fleet acquisitions, and for debt repayment and dry-docking

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costs, as determined by its board of directors. Based upon and subject to the assumptions and forecasts included in the section "Statement of Forecasted Results of Operations and Cash Available for Dividends, Reserves and Extraordinary Expenses," Star Bulk intends to pay its first dividend, which it estimates will be in the amount of \$0.325 per common share, in February 2008, in respect of the period from the commencement of Star Bulk's operations through December 31, 2007. For more information on cash that Star Bulk may have available to pay dividends, please read the section entitled "Star Bulk's Forecasted Cash Available for Dividends, Reserves and Extraordinary Expenses".

### Star Bulk's Fleet

Upon the delivery of the vessels in the initial fleet, Star Bulk will own and operate eight drybulk carriers that transport a variety of drybulk commodities, including coal, iron ore, and grains, or major bulks, as well as bauxite, phosphate, fertilizers and steel products, or minor bulks. The following table provides summary information about Star Bulk's fleet:

Vessel Name(1)	Vessel Type	Size (dwt)	Year Built	Charter Rate (\$ per day)	Type/ Term(3)
<i>Star Alpha</i>	Capesize	175,075	1992	\$ 47,500(5)	Time charter/3 years
<i>Star Beta</i>	Capesize	174,691	1993		Spot(2)
<i>Star Gamma</i>	Supramax	53,098	2002	\$ 28,500(4)	Time charter/1 year
<i>Star Delta</i>	Supramax	52,434	2000	\$ 25,800(3)	Time charter/2 years
<i>Star Epsilon</i>	Supramax	52,402	2001	\$ 25,550(3)	Time charter/2 years
<i>Star Zeta</i>	Supramax	52,994	2003	\$ 30,500(3)	Time charter/1 year
<i>Star Theta</i>	Supramax	52,425	2003	\$ 32,500(3)	Time charter/2 years
<i>Star Iota</i>	Panamax	78,585	1983	\$ 18,000(4)	Time charter/1 year

- (1) Each vessel name is the new name Star Bulk will designate to the vessel following its delivery from the seller. Each vessel is currently registered in Panama, Star Bulk will register each vessel in the Marshall Islands.
- (2) The *Star Beta* will operate in the spot charter market.
- (3) Represents the actual daily time charter rates that TMT has procured subsequent to the date of the Master Agreement and the Supplemental Agreement. Each time charter will be novated to Star Bulk upon delivery of the relevant vessel.
- (4) Subsidiaries of Star Bulk have entered into time charters with TMT for these vessels.
- (5) The charter agreement between TMT and a third party charterer for the *Star Alpha* was entered into prior to Star Bulk's entry into the acquisition agreements, and will be novated to Star Bulk.

We are seeking to acquire drybulk carriers. Vessels designed to carry primarily bulk cargo such as coal, iron ore and grain that is loaded in bulk, not unitized cargoes such as containers.

The global dry bulk carrier fleet is divided into four categories based on a vessel's carrying capacity. These categories are:

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***Capesize.*** Capesize vessels have carrying capacities of more than 100,000 deadweight tons (dwt). These vessels generally operate along long haul iron ore and coal trade routes. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size.

***Panamax.*** Panamax vessels have a carrying capacity of between 60,000 and 100,000 dwt. These vessels carry coal, grains, and, to a lesser extent, minor bulks, including steel products, forest

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products and fertilizers. Panamax vessels are able to pass through the Panama Canal, making them more versatile than larger vessels.

**Handymax/Supramax.** Handymax vessels have a carrying capacity of between 30,000 and 60,000 dwt. These vessels operate on a large number of geographically dispersed global trade routes, carrying primarily grains and minor bulks. Vessels below 60,000 dwt are sometimes built with on-board cranes enabling them to load and discharge cargo in countries and ports with limited infrastructure. Supramax are a sub-category of this category typically having a cargo carrying capacity of between 50,000 and 60,000 dwt.

**Handysize.** Handysize vessels have a carrying capacity of up to 30,000 dwt. These vessels carry exclusively minor bulk cargo. Increasingly, ships of this type operate on regional trading routes. Handysize vessels are well suited for small ports with length and draft restrictions that may lack the infrastructure for cargo loading and unloading.

### Management of the Fleet

Star Bulk has only two employees, its Chief Executive Officer and its Chief Financial Officer. Star Bulk's wholly-owned subsidiary, Star Bulk Management will administer the activities of Star Bulk. Star Bulk's Chief Executive Officer and its Chief Financial Officer will also be the senior management of Star Bulk Management. Following the Redomiciliation Merger, Star Bulk Management will employ such number of additional shore-based executives and employees as to ensure the efficient performance of its activities.

Star Bulk will reimburse and or advance funds as necessary to Star Bulk Management in order for it to conduct its activities and discharge its obligations, at cost, as well as have sufficient working capital reserves as may be agreed between them from time to time.

Star Bulk Management will be responsible for the management of the vessels. Star Bulk Management's responsibilities include, inter alia, locating, purchasing, financing and selling vessels, deciding on capital expenditures for the vessels, paying vessels' taxes, negotiating charters for the vessels, managing the mix of various types of charters, developing and managing the relationships with charterers and the operational and technical management of the vessels. Technical management includes maintenance, drydocking, repairs, insurance, regulatory and classification society compliance, arranging for and managing crews, appointing technical consultants and providing technical support.

Star Bulk does not intend to pay commissions to its affiliates in connection with the chartering of vessels to or from any of its affiliates or for the purchase of vessels from or sale to its affiliates.

Star Bulk Management may subcontract the technical and/or the crew management of vessels to one or more reputable independent third-party technical management companies, as deemed appropriate, with the aim to benchmark their performance for the purpose of lowering cost and adopting best practices for the ultimate benefit of Star Bulk and its shareholders.

Under an agreement dated May 4, 2007, Star Bulk appointed Combine Marine, Inc., or Combine, a company affiliated with Mr. Tsirigakis, Mr. Pappas and Mr. Christo Anagnostou, as interim manager of the vessels in the initial fleet. Under the agreement, Combine will provide interim technical management and associated services to the vessels as from their delivery to Star Bulk, and further provide such services and shore personnel so as to effect the smooth delivery of the vessels to Star Bulk in exchange for a flat fee of \$10,000 per vessel prior to delivery and at a daily fee of \$450 per vessel during the term of the agreement. Combine is entitled to be reimbursed at cost by Star Bulk for any and all expenses incurred by them in the management of the vessels, but shall provide Star Bulk the full benefit of all discounts and rebates enjoyed by them. The term of the agreement is one from the date of delivery of each vessel. Either party may terminate the agreement upon thirty days' notice.

In February, 2007, TMT entered into one year time charters with Star Bulk for both the *C Duckling*, to be renamed *Star Gamma* and the *Mommy Duckling*, to be renamed *Star Iota*, at a daily

charterhire rates of \$28,500 and \$18,000 respectively. The charters include terms which are standard for the industry and are subject to early termination in a number of circumstances including nonpayment and the unlawful operation of the vessels.

Star Bulk's Chief Executive Officer and President has 28 years of experience in the shipping industry and extensive experience in heading a third-party technical management company. Star Bulk Management will monitor the performance of the sub-managers via its own personnel.

### **Crewing**

Star Bulk Management will be responsible for recruiting, either directly or through a technical manager or a crew manager, the senior officers and all other crew members for the vessels in our fleet. Star Bulk Management will have the responsibility to ensure that all seamen have the qualifications and licenses required to comply with international regulations and shipping conventions, and that the vessels are manned by experienced and competent and trained personnel. Star Bulk Management will also be responsible for ensuring that seafarers' wages and terms of employment conform to international standards or to general collective bargaining agreement to allow unrestricted worldwide trading of the vessels.

### **Vessel Employment**

Star Bulk intends to employ its vessels under period time charters and in the spot market. A vessel trading in the spot market may be employed under a voyage charter or a time charter of short duration, generally less than three months. Star Bulk may, in the future, employ vessels under bareboat charter or in drybulk carrier pools.

TMT agreed to procure charters for six of the eight vessels in the initial fleet of Star Bulk under the terms of the Asset Acquisition. TMT procured charters for five of the eight vessels in the initial fleet with third party charterers, which will be novated to Star Bulk. Two of the vessels in the initial fleet will be chartered to TMT and one vessel will be operated in the spot market.

A period time charter is a contract to charter a vessel for an agreed period of time at a set daily rate. A voyage charter is a contract to carry a specific cargo for a per ton carry amount. Under voyage charters, Star Bulk would pay voyage expenses such as port, canal and fuel costs. Under period time charters, the charterer pays these voyage expenses. Under both types of charters, Star Bulk will pay for vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs. Star Bulk will also be responsible for each vessel's intermediate drydocking and special survey costs. Alternatively, vessels can be chartered under "bareboat" contracts whereby the charterer is responsible for the vessel's maintenance and operations, as well as all voyage expenses.

Vessels operating on period time charter provide more predictable cash flows, but can yield lower profit margins, than vessels operating in the spot market during periods characterized by favorable market conditions. Vessels operating in the spot market generate revenues that are less predictable but may enable Star Bulk to increase profit margins during periods of increasing drybulk rates. However, Star Bulk would then be exposed to the risk of declining drybulk rates, which may be higher or lower than the rates at which Star Bulk chartered its vessels. Star Bulk will constantly evaluate opportunities for period time charters, but only expects to enter into additional period time charters if Star Bulk can obtain contract terms that satisfy its criteria. Star Bulk may from time to time utilize forward freight agreements that enable Star Bulk to enter into contractual obligations to sell the spot charter forward and thereby reduce Star Bulk's exposure to a potential deterioration of the charter market.

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### Directors and Executive Officers

Set forth below are the names, ages and positions of Star Bulk's directors, executive officers and key employees immediately following the effective date of the Redomiciliation Merger. The board of directors is elected annually on a staggered basis, and each director elected holds office until his successor shall have been duly elected and qualified, except in the event of his death, resignation, removal or the earlier termination of his term of office. Officers are elected from time to time by vote of Star Bulk's board of directors and hold office until a successor is elected.

Name	Age	Position
Prokopios (Akis) Tsirigakis*	51	Chief Executive Officer, President and Class C Director
George Syllantavos*	42	Chief Financial Officer, Secretary and Class C Director
Petros Pappas	53	Non-executive Co-Chairman and Class A Director
Nobu Su	49	Non-executive Co-Chairman and Class A Director
Peter Espig	41	Class B Director
Koert Erhardt	50	Class B Director
Tom Sjøfteland	46	Class B Director

The term of Star Bulk's Class A directors expires in 2008, the term of Class B directors expires in 2009 and the term of Class C directors expires in 2010.

\*

Current directors of Star Bulk.

**Prokopios (Akis) Tsirigakis** is our Chief Executive Officer, President and director. He has been Star Maritime's Chairman of the Board, Chief Executive Officer and President since inception. Mr. Tsirigakis is experienced in ship management, ship ownership and overseeing new shipbuilding projects. Since November 2003, he has been the Joint Managing Director of Oceanbulk Maritime S.A., a dry cargo shipping company that has operated and managed vessels aggregating as much as 1.6 million deadweight tons of cargo capacity and which is part of the Oceanbulk Group of affiliated companies involved in the service sectors of the shipping industry. Since November 1998, Mr. Tsirigakis has been the Managing Director of Combine Marine Inc., a company which he founded that provides ship management services to third parties and which is part of the Oceanbulk Group. From 1991 to 1998, Mr. Tsirigakis was the Vice-President and Technical Director of Konkar Shipping Agencies S.A. of Athens, after having served as Konkar's Technical Director from 1984 to 1991, which at the time managed 16 drybulk carriers, multi-purpose vessels and tanker/composition carriers. From 1982 to 1984, Mr. Tsirigakis was the Technical Manager of Konkar's affiliate, Arkon Shipping Agencies Inc. of New York, a part of the Archirodon Construction Group. He is a member of the Technical Committee (CASTEC) of Intercargo, the International Association of Dry Cargo Shipowners, and of the Technical Committees of Classification Societies. Mr. Tsirigakis received his Masters and B.Sc. in Naval Architecture from The University of Michigan, Ann Arbor and has three years of seagoing experience. Mr. Tsirigakis formerly served on the board of directors of Dryships Inc., a company listed on the NASDAQ Global Market which provides international seaborne transportation services carrying various dry-bulk cargoes.

**George Syllantavos** is our Chief Financial Officer, Secretary and director. He has also been Star Maritime's Chief Financial Officer, Secretary and a member of its board of directors since inception and its Secretary since December 2005. Since May 1999, he has been President and General Manager of Vortex Ltd., an aviation consulting firm specializing in strategic and fleet planning. From January 1998 to April 1999, he served as a financial advisor to Hellenic Telecommunications Organization S.A., where, on behalf of the Chief Executive Officer, he coordinated and led the company's listing on the New York Stock Exchange (NYSE:OTE) and where he had responsibilities for the strategic planning and implementation of multiple acquisitions of fixed-line telecommunications

companies, including RomTelecom. Mr. Syllantavos served as a financial and strategic advisor to both the Greek Ministry of Industry & Energy (from June 1995 to May 1996) and the Greek Ministry of Health (from May 1996 to January 1998), where, in 1997 and 1998, he helped structure the equivalent of a US\$700 million bond issuance for the payment of outstanding debts to the supplier of the Greek National Health System. From 1998 to 2004, he served as a member of the Investment Committee of Rand Brothers & Co., a small U.S. merchant banking firm, where he reviewed and analyzed more than 35 acquisition targets of small or medium sized privately-held manufacturing firms in the U.S. and internationally, of which he negotiated, structured and directed the acquisition of three such firms with transactions ranging in size from \$7 million to \$11 million. Mr. Syllantavos has a B.Sc. in Industrial Engineering from Roosevelt University and an MBA in Operations Management, International Finance and Transportation Management from Northwestern University (Kellogg).

**Petros Pappas** will serve as a non-executive Co-Chairman of the board of directors of Star Bulk following the Redomiciliation Merger. He has been a member of Star Maritime's board of directors since inception. Throughout his career as a principal and manager in the shipping industry, Mr. Pappas has been involved in over 120 vessel acquisitions and disposals. In 1989, he founded Oceanbulk Maritime S.A., a dry cargo shipping company that has operated managed vessels aggregating as much as 1.6 million deadweight tons of cargo capacity. He also founded the Oceanbulk Group of affiliated companies, which are involved in the service sectors of the shipping industry. The Oceanbulk Group is comprised of Oceanbulk Maritime S.A., Interchart Shipping Inc., Oceanbulk Shipping and Trading S.A., Interchart Shipping Inc., Oceanbulk Shipping and Trading S.A., Oceanbulk S & P, Combine Marine Inc., More Maritime Agencies Inc., and Sentinel Marine Services Inc. Additionally, Mr. Pappas ranked among the top 25 Greek ship owners (by number of ocean going vessels) as evaluated by the U.S. Department of Commerce's 2004 report on the Greek shipping industry. Mr. Pappas has been a Director of the UK Defense Club, a leading insurance provider of legal defense services in the shipping industry worldwide, since January 2002, and is a member of the Union of Greek Shipowners (UGS). Mr. Pappas received his B.A. in Economics and his MBA from The University of Michigan, Ann Arbor.

**Nobu Su** will serve as a non-executive Co-Chairman of the board of directors of Star Bulk following the Redomiciliation Merger. Since 2002, Mr. Nobu Su has served as Chief Executive Officer of TMT. Under the direction of Mr. Nobu Su, TMT has expanded its fleet to include drybulk carriers, very large crude carriers, cargo carriers, liquefied natural gas carriers, automobile carriers, and cement carriers. In addition to increasing the service capabilities of TMT, Mr. Nobu Su has transformed TMT into a global leader in the international shipping industry. Under his direction, TMT has emerged as one of the most successful participants in the global freight derivatives market (FFA market). Mr. Nobu Su graduated with a BSc in economics from Keio University in Japan.

**Peter Espig** will serve as a director of Star Bulk following the Redomiciliation Merger. Mr. Espig is experienced in the analysis of investment opportunities, raising capital, deal sourcing and financial structuring. In August 2006, he founded and currently serves as CEO of Advance Capital Japan, a private equity and consulting firm focused on raising capital for mid-sized companies and pre-IPO investment and consulting. From 2005 to 2006, Mr. Espig served as Vice-President of the Principal Finance and Securitization Group and Asia Special Situations Group for Goldman Sachs Japan where he was responsible for sourcing and analyzing investment opportunities, balance sheet restructuring and IPO and exit preparations for various corporate and real estate investments. Prior to joining Goldman Sachs, Mr. Espig served from 2004 to 2005 as Vice-President of the New York private equity firm, Olympus Capital, where he participated in corporate restructurings, investment analysis and financing negotiations for both domestic and international investments. From 2003 to 2004, Mr. Espig worked as a leveraged finance, special situations banker for Shinsei bank where he participated in leverage buyouts and debt restructurings. In 1989, Mr. Espig received his B.A. from the University of British Columbia and in 2003, Mr. Espig received his MBA from Columbia Business School where he was honored as a Chazen Society International Scholar.

**Koert Erhardt** will serve as a director of Star Bulk following the Redomiciliation Merger. He has been a member of Star Maritime's board of directors since inception. From September 2004 to December 2004, he served as the Chief Executive Officer and a member of the board of directors of CC Maritime S.A.M., an affiliate of the Coeclerici Group, an international conglomerate whose businesses include shipping and transoceanic transportation of drybulk materials. From 1998 to September 2004, he served as General Manager of Coeclerici Armatori S.p.A. and Coeclerici Logistics S.p.A., affiliates of the Coeclerici Group, where he created a shipping pool that commercially managed over 130 vessels with a carrying volume of 72 million tons and developed the use of Freight Forward Agreement trading as a hedging mechanism to the pool's exposure and positions. From 1994 to 1998, he served as the General Manager of Bulkitalia, a prominent shipping concern which at the time owned and operated over 40 vessels. From 1990 to 1994, Mr. Erhardt served in various positions with Bulk Italia. From 1988 to 1990, he was the Managing Director and Chief Operating Officer of Nedlloyd Drybulk, the drybulk arm of the Nedlloyd Group, an international conglomerate whose interests include container ship liner services, tankers, oil drilling rigs, pipe laying vessels and ship brokering. Mr. Erhardt received his Diploma in Maritime Economics and Logistics from Hogere Havenen Vervoersschool (now Erasmus University), Rotterdam, and received his MBA International Executive Program at INSEAD, Fontainebleau, France. Mr. Erhardt has also studied at the London School of Foreign Trade.

**Tom Sjøfteland** will serve as a director of Star Bulk following the Redomiciliation Merger. He has been a member of Star Maritime's board of directors since inception. Since October 1996, he has been the Chief Executive Officer of Capital Partners A.S. of Bergen, Norway, a financial services firm that he founded and which specializes in shipping and asset finance. From 1990 to October 1996, he held various positions at Industry & Skips Banken, ASA, a bank specializing in shipping, most recently as its Deputy Chief Executive Officer. Mr. Sjøfteland received his B.Sc. in Economics from the Norwegian School of Business and Administration (NHH).

Star Bulk's board of directors is divided into three classes with only one class of directors being elected in each year and following the initial term for each such class, each class will serve a three-year term. The term of office of the Class A directors, consisting of Petros Pappas and Nobu Su, will expire at Star Bulk's first annual meeting of stockholders. The term of office of the Class B directors, consisting of Koert Erhardt, Tom Sjøfteland and Peter Espig, will expire at the second annual meeting. The term of office of the Class C directors, consisting of Akis Tsirigakis and George Syllantavos, will expire at the third annual meeting.

#### **Corporate Governance Practices**

Star Bulk expects to certify to Nasdaq that its corporate governance practices are in compliance with, and are not prohibited by, the laws of the Marshall Islands. As a foreign private issuer, Star Bulk will be exempt from many of Nasdaq's corporate governance practices other than the requirements regarding the disclosure of a going concern audit opinion, submission of a listing agreement, notification of material non-compliance with Nasdaq corporate governance practices and the establishment and composition of an audit committee and a formal written audit committee charter. Star Bulk intends to comply with Nasdaq's corporate governance practices that are applicable to domestic corporations, except as set forth below. The practices that Star Bulk will follow in lieu of Nasdaq's corporate governance rules are as follows:

Star Bulk's board will be comprised of seven directors, two of whom shall be independent directors.

The audit committee of Star Bulk will be comprised of two members, each of whom shall be independent who will be responsible for reviewing our accounting controls and recommending to the board of directors the engagement of Star Bulk's outside auditors. The initial members of the audit committee will be Tom Sjøfteland (Chairman) and Koert Erhardt.



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The compensation committee of Star Bulk will be comprised of three members, at least two of whom shall be independent directors who will be responsible for establishing executive officers' compensation and benefits. The initial members of Star Bulk's compensation committee will be George Syllantavos (Chairman), Tom Søfteland and Koert Erhardt.

The nomination and corporate governance committee of Star Bulk will be comprised of two members, each of whom shall be independent, who will be responsible for identifying and recommending potential candidates to become board members and recommending directors for appointment to board committees. Shareholders may also identify and recommend potential candidates to become board members in accordance with Star Bulk's bylaws. The initial members of the nominating and corporate governance committee will be Koert Erhardt (Chairman) and Tom Søfteland.

Consistent with Marshall Islands law requirements, in lieu of obtaining an independent review of related party transactions for conflicts of interests, Star Bulk's bylaws require any director who has a potential conflict of interest to identify and declare the nature of the conflict to the board of directors at the next meeting of the board of directors. Star Bulk's bylaws additionally provide that related party transactions must be approved by independent and disinterested directors.

In accordance with Marshall Islands law, Star Bulk will not be required to obtain shareholder approval if it chooses to issue additional securities.

As a foreign private issuer, Star Bulk is not required to solicit proxies or provide proxy statements to Nasdaq pursuant to Nasdaq corporate governance rules or Marshall Islands law. Consistent with Marshall Islands law and as provided in Star Bulk's bylaws, Star Bulk will notify its shareholders of meetings between 15 and 60 days before the meeting. This notification will contain, among other things, information regarding business to be transacted at the meeting. In addition, Star Bulk's bylaws provide that shareholders must give between 150 and 180 days advance notice to properly introduce any business at a meeting of the shareholders.

Other than as noted above, Star Bulk will be in full compliance with all other applicable Nasdaq corporate governance standards.

### **Compensation of Directors and Executive Officers**

For the period ended December 31, 2006, no executives of Star Bulk received any compensation from Star Bulk. After the Redomiciliation Merger is effected, non-employee directors of Star Bulk will receive an annual cash retainer of \$15,000, a fee of \$1,000 for each board and committee meeting attended, including meetings attended telephonically. The chairman of the audit committee will receive an additional \$7,500 per year and each chairman of Star Bulk's other standing committees will receive an additional \$5,000 per year. In addition, each director will be reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. Star Bulk does not have a retirement plan for its officers or directors.

### **Properties**

Star Bulk expects to lease office space in Athens, Greece.

### **Equity Incentive Plan**

Star Bulk has adopted an equity incentive plan, which Star Bulk refers to as the 2007 Equity Incentive Plan, under which officers, key employees, directors and consultants of Star Bulk and its subsidiaries will be eligible to receive options to acquire shares of common stock, stock appreciation rights, restricted stock and other stock-based or stock-denominated awards. Star Bulk has reserved a

total of 2,000,000 shares of common stock for issuance under the plan, subject to adjustment for changes in capitalization as provided in the plan. The purpose of the 2007 Equity Incentive Plan is to encourage ownership of shares by, and to assist Star Bulk in attracting, retaining and providing incentives to, its officers, key employees, directors and consultants whose contributions to Star Bulk are or will be important to the success of Star Bulk and to align the interests of such persons with Star Bulk's stockholders. The various types of incentive awards that may be issued under the 2007 Equity Incentive Plan will enable Star Bulk to respond to changes in compensation practices, tax laws, accounting regulations and the size and diversity of its business.

The plan will be administered by Star Bulk's compensation committee, or such other committee of Star Bulk's board of directors as may be designated by the board to administer the plan. The plan permits grants of options to purchase common stock, stock appreciation rights, restricted stock, restricted stock units and unrestricted stock.

Under the terms of the plan, stock options and stock appreciation rights granted under the plan will have an exercise price per common share equal to the fair market value of a common share on the date of grant, unless otherwise determined by the plan administrator, but in no event will the exercise price be less than the fair market value of a common share on the date of grant. Options and stock appreciation rights will be exercisable at times and under conditions as determined by the plan administrator, but in no event will they be exercisable later than ten years from the date of grant.

The plan administrator may grant shares of restricted stock and awards of restricted stock units subject to vesting and forfeiture provisions and other terms and conditions as determined by the plan administrator. Upon the vesting of a restricted stock unit, the award recipient will be paid an amount equal to the number of restricted stock units that then vest multiplied by the fair market value of a common share on the date of vesting, which payment may be paid in the form of cash or common shares or a combination of both, as determined by the plan administrator. The plan administrator may grant dividend equivalents with respect to grants of restricted stock units.

Adjustments may be made to outstanding awards in the event of a corporate transaction or change in capitalization or other extraordinary event. In the event of a "change in control" (as defined in the plan), unless otherwise provided by the plan administrator in an award agreement, awards then outstanding shall become fully vested and exercisable in full.

The Board may amend or terminate the plan and may amend outstanding awards, provided that no such amendment or termination may be made that would materially impair any rights, or materially increase any obligations, of a grantee under an outstanding award. Stockholder approval of plan amendments may be required in certain definitive, pre-determined circumstances if required by applicable rules of a national securities exchange or the SEC. Unless terminated earlier by the board of directors, the plan will expire ten years from the date on which the plan was adopted by the board of directors.

#### **Employment and Consultancy Agreements**

Star Bulk Management has entered into an employment agreements with Mr. Prokopios Tsirigakis and George Syllantavos for work performed for Star Bulk after the consummation of the Redomiciliation Merger. Star Bulk has entered into separate consulting agreements with companies owned and controlled by Mr. Tsirigakis and Mr. Syllantavos respectively, for work performed for by them outside of Greece. Each of these agreements will have a term of three years unless terminated earlier in accordance with the terms of such agreements. Under their employment agreements, Mr. Tsirigakis and Mr. Syllantavos will each receive an annual base salary of €80,000 and €70,000 respectively, which is subject to increase based on annual review by the compensation committee of our board of directors. Under the consulting agreements, each company controlled by Mr. Tsirigakis and

Mr. Syllantavos respectively, is expected to receive an annual consulting fee of €370,000 and €250,000. Mr. Tsirigakis and Mr. Syllantavos will also receive a discretionary bonus and additional incentive compensation as determined annually by the compensation committee of our board of directors. In addition to any grant of shares as part of the annual incentive compensation program, Mr. Tsirigakis and Mr. Syllantavos will receive 90,000 and 75,000 restricted shares of Star Bulk common stock which will vest in three equal installments on July 1, 2008, July 1, 2009 and July 1, 2010 respectively.

Pursuant to the agreements, Mr. Tsirigakis and Mr. Syllantavos may engage in other business activities with companies in the international shipping industry provided that such companies are not publicly traded drybulk shipping companies. Mr. Tsirigakis and Mr. Syllantavos will be prohibited for a period of three months after the termination of their employment from participating in business activities with publicly traded companies in competition with Star Bulk unless they obtain Star Bulk's prior written consent.

Additionally, Mr. Tsirigakis and Mr. Syllantavos are entitled to receive benefits under each of their employment agreements with Star Bulk as follows: (i) each is entitled to participate in benefit programs available to other senior executives of Star Bulk and its subsidiaries; (ii) each is entitled to reimbursement by Star Bulk for reasonable and necessary out-of-pocket business expenses; (iii) each is entitled to reimbursement by Star Bulk, up to a maximum of €20,000, for legal fees and expenses related to the negotiation of their respective employment agreements; and (iv) each is eligible to receive stock options and other equity grants pursuant to the 2007 equity incentive plan.

Mr. Tsirigakis and Mr. Syllantavos are also entitled to receive benefits under each of their consultancy agreements with Star Bulk as follows: (i) each is entitled to receive an annual discretionary bonus, to be determined by Star Bulk's board of directors in its sole discretion; (ii) each is entitled to receive payment of a one-time sign-on bonus in the amount of €200,000; (iii) each is entitled reimbursement by Star Bulk, up to a maximum of €20,000, for legal fees and expenses related to the negotiation of their respective consulting agreements; (iv) each is eligible to receive stock options and other equity grants pursuant to the 2007 equity incentive plan; and (v) each is entitled to receive a monthly car allowance in the amount of €1,500.

Officers of Star Bulk will be eligible to receive discretionary bonus awards and/or awards under Star Bulk's 2007 Equity Incentive Plan in such amounts, if any, as determined by the board of directors of Star Bulk, in its sole discretion. In making such determinations, Star Bulk's board of directors will consider the then prevailing operations and financial condition of Star Bulk, including any contingencies that are then known, as well as the amount of compensation paid to similarly situated officers of other companies in the seaborne transportation industry.

## **Competition**

Star Bulk will operate in markets that are highly competitive and based primarily on supply and demand. Star Bulk will compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on its reputation. Star Bulk Management will arrange Star Bulk's charters (whether voyage charters, period time charters, bareboat charters or pools) through the use of brokers, who negotiate the terms of the charters based on market conditions. Star Bulk will compete primarily with other owners of drybulk carriers in the Capesize, Panamax, Handysize and Handymax sectors. Ownership of drybulk carriers is highly fragmented and is divided among state controlled and independent bulk carrier owners.

Charters for Star Bulk's vessels are expected to be negotiated by Star Bulk Management utilizing a worldwide network of shipbrokers. These shipbrokers will advise Star Bulk Management on a continuous basis of the availability of cargo for any particular vessel. There may be several shipbrokers involved in

any one charter. The negotiation for a charter typically begins prior to the completion of the previous charter in order to avoid any idle time. The terms of the charter are based on industry standards.

### **Environmental and Other Regulations**

Government regulation significantly affect the ownership and operation of Star Bulk's vessels. The vessels will be subject to international conventions, national, state and local laws and regulations in force in the countries in which Star Bulk's vessels may operate or are registered.

A variety of governmental and private entities will subject Star Bulk's vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (U.S. Coast Guard, harbor master or equivalent), classification societies, flag state administration (country of registry) and charterers. Certain of these entities will require Star Bulk to obtain permits, licenses and certificates for the operation of its vessels. Failure to maintain necessary permits or approvals could cause Star Bulk to incur substantial costs or temporarily suspend operation of one or more of its vessels.

Star Bulk believes that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers is leading to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the drybulk shipping industry. Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. Star Bulk will be required to maintain operating standards for all of its vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with United States and international regulations. Star Bulk believes that the operation of its vessels will be in substantial compliance with applicable environmental laws and regulations applicable to Star Bulk.

#### *International Maritime Organization.*

The United Nations' International Maritime Organization, or IMO, has negotiated international conventions that impose liability for oil pollution in international waters and a signatory's territorial waters. In September 1997, the IMO adopted Annex VI to the International Convention for the Prevention of Pollution from Ships to address air pollution from ships. Annex VI was ratified in May 2004, and became effective in May 2005. Annex VI set limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions. Our fleet has conformed to the Annex VI regulations. Additional or new conventions, laws and regulations may be adopted that could adversely affect Star Bulk's ability to operate its vessels.

The operation of Star Bulk's vessels will also be affected by the requirements set forth in the ISM Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a shipowner or management company to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. Each of Star Bulk's vessels is expected to be ISM Code-certified. However, there can be no assurance that such certification will be maintained indefinitely.

#### *The United States Oil Pollution Act of 1990*

The United States Oil Pollution Act of 1990, or OPA, established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all

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owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone.

Under OPA, vessel owners, operators, charterers and management companies are "responsible parties" and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels, including bunkers (fuel).

OPA previously limited the liability of responsible parties for drybulk vessels to the greater of \$600 per gross ton or \$0.5 million (subject to possible adjustment for inflation). Amendments to OPA signed into law in July 2006 increased these limits on the liability of responsible parties for drybulk vessels to the greater of \$950 per gross ton or \$0.8 million. These limits of liability do not apply if an incident was directly caused by violation of applicable United States federal safety, construction or operating regulations or by a responsible party's gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with oil removal activities.

Star Bulk expects to maintain for each of its vessel's pollution liability coverage insurance in the amount of \$1 billion per incident. If the damages from a catastrophic pollution liability incident exceed its insurance coverage, it could have a material adverse effect on Star Bulk's financial condition and results of operations.

OPA requires owners and operators of vessels to establish and maintain with the United States Coast Guard evidence of financial responsibility sufficient to meet their potential liabilities under the OPA. In December 1994, the Coast Guard implemented regulations requiring evidence of financial responsibility in the amount of \$1,500 per gross ton, which includes the OPA limitation on liability of \$1,200 per gross ton and the U.S. Comprehensive Environmental Response, Compensation, and Liability Act liability limit of \$300 per gross ton. Under the regulations, vessel owners and operators may evidence their financial responsibility by showing proof of insurance, surety bond, self-insurance, or guaranty. The U.S. Coast Guard has indicated that it expects to adopt regulations requiring evidence of financial responsibility in amounts that reflect the higher limits of liability imposed by the July amendments to OPA, as described above.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states, which have enacted such legislation, have not yet issued implementing regulations defining vessels owners' responsibilities under these laws. Star Bulk intends to comply in the future, with all applicable state regulations in the ports where its vessels call.

### *Other Environmental Initiatives*

The European Union is considering legislation that will affect the operation of vessels and the liability of owners for oil pollution. It is difficult to predict what legislation, if any, may be promulgated by the European Union or any other country or authority.

Although the United States is not a party thereto, many countries have ratified and currently follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, or the 1969 Convention. Under this convention, and depending on whether the country in which the damage results is a party to the 1992 Protocol to the International Convention on Civil Liability for Oil Pollution Damage, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of

persistent oil, subject to certain complete defenses. Under an amendment that became effective in November 2003 for vessels of 5,000 to 140,000 gross tons (a unit of measurement for the total enclosed spaces within a vessel), liability is limited to approximately \$6.75 million plus approximately \$944.7 for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability is limited to approximately \$134.4 million. As the 1969 Convention calculates liability in terms of basket currencies, these figures are based on currency exchange rates on January 23, 2007. Under the 1969 Convention, the right to limit liability is forfeited where the spill is caused by the owner's actual fault; under the 1992 Protocol, a shipowner cannot limit liability where the spill is caused by the owner's intentional or reckless conduct. Vessels trading in jurisdictions that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the 1969 Convention has not been adopted, including the United States, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. Star Bulk believes that its protection and indemnity insurance will cover the liability under the plan adopted by the IMO.

#### *Vessel Security Regulations*

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives by United States authorities intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002 ("MTSA"), came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to the International Convention for the Safety of Life at Sea ("SOLAS"), created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect in July 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created ISPS Code. Among the various requirements are:

on-board installation of automatic information systems ("AIS"), to enhance vessel-to-vessel and vessel-to-shore communications;

on-board installation of ship security alert systems;

the development of vessel security plans; and

compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures provided such vessels have on board, by July 1, 2004, a valid International Ship Security Certificate ("ISSC") that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. Star Bulk's vessels will be in compliance with the various security measures addressed by the MTSA, SOLAS and the ISPS Code. Star Bulk does not believe these additional requirements will have a material financial impact on its operations.

#### *Inspection by Classification Societies*

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention. Star Bulk's vessels are expected to be classed with a classification society that is a member of the International Association of Classification Societies.

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A vessel must undergo annual surveys, intermediate surveys, drydockings and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Star Bulk's vessels are expected to be on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every two to three years for inspection of the underwater parts of such vessel.

If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, drydocking or special survey, the vessel will be unable to carry cargo between ports and will be unemployable and uninsurable. Any such inability to carry cargo or be employed, or any such violation of covenants, could have a material adverse impact on its financial condition and results of operations.

At an owner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most insurance underwriters make it a condition for insurance coverage and lending that a vessel be certified as "in class" by a classification society which is a member of the International Association of Classification Societies. Star Bulk's vessels are expected to be certified as being "in class" by a classification society that is a member of the International Association of Classification Societies.

### **Risk of Loss and Liability Insurance**

#### *General*

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability upon owners, operators and demise charterers of any vessel trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the United States market. While Star Bulk believes that its expected insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that it will always be able to obtain adequate insurance coverage at reasonable rates.

#### *Hull and Machinery Insurance*

Star Bulk expects to obtain marine hull and machinery and war risk insurance, which includes the risk of actual or constructive total loss, for all of its vessels. The vessels will each be covered up to at least fair market value, with deductibles in amounts of approximately \$100,000 to \$150,000.

Star Bulk will arrange, as necessary, increased value insurance for its vessels. With the increased value insurance, in case of total loss of the vessel, Star Bulk will be able to recover the sum insured under the increased value policy in addition to the sum insured under the hull and machinery policy. Increased value insurance also covers excess liabilities which are not recoverable in full by the hull and machinery policies by reason of under insurance. Star Bulk expects to maintain loss of hire insurance for certain of its vessels. Loss of hire insurance covers business interruptions that result in the loss of use of a vessel.

*Protection and Indemnity Insurance*

Protection and indemnity insurance is expected to be provided by mutual protection and indemnity associations, or P&I Associations, which will cover Star Bulk's third-party liabilities in connection with its shipping activities. This includes third-party liability and other related expenses of injury or death of crew, passengers and other third parties, loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations.

Star Bulk's protection and indemnity insurance coverage for pollution is expected to be \$1 billion per vessel per incident. The 13 P&I Associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. Each of Star Bulk's vessels will be entered with P&I Associations of the International Group. Under the International Group reinsurance program, each P&I club in the International Group is responsible for the first \$7.0 million of every claim. In every claim the amount in excess of \$7.0 million and up to \$50.0 million is shared by the clubs under a pooling agreement. In every claim the amount in excess of \$50.0 million is reinsured by the International Group under the General Excess of Loss Reinsurance Contract. This policy currently provides an additional \$3.0 billion of coverage. Claims which exceed this amount are pooled by way of "overspill" calls. As a member of a P&I Association, which is a member of the International Group, Star Bulk will be subject to calls payable to the associations based on its claim records as well as the claim records of all other members of the individual associations, and members of the pool of P&I Associations comprising the International Group. The P&I Associations' policy year commences on February 20th. Calls are levied by means of Estimated Total Premiums (ETP) and the amount of the final installment of the ETP varies according to the actual total premium ultimately required by the club for a particular policy year. Members have a liability to pay supplementary calls which might be levied by the board of directors of the club if the ETP is insufficient to cover amounts paid out by the club.

**Legal Proceedings**

Star Bulk is not currently a party to any material lawsuit that, if adversely determined, would have a material adverse effect on its financial position, results of operations or liquidity.

**Exchange Controls**

Under Marshall Island law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of Star Bulk's shares.



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### Star Bulk Principal Shareholders

Star Bulk was formed under the laws of the Republic of the Marshall Islands on December 13, 2006. Star Bulk is a wholly-owned subsidiary of Star Maritime. Concurrently with the Redomiciliation Merger, Star Bulk will issue 12,537,645 shares of common stock to TMT in respect of the stock consideration portion of the aggregate purchase price for the vessels in the initial fleet. Star Bulk has agreed to issue an additional 1,606,962 shares of common stock to TMT. See "Acquisition Agreements Purchase Price.

The following table presents, as of the date of the proposed Redomiciliation Merger, certain information regarding (1) the beneficial owners of more than 5% of Star Bulk's common stock and (2) the total amount of common stock beneficially owned by all of our directors and executive officers as a group, based on the share ownership of Star Maritime as of October 29, 2007.

Name	Shares Beneficially Owned Following the Redomiciliation Merger Assuming No Shareholders Redeem(2)(3)(10)		Shares Beneficially Owned Following Issuance of Additional Stock Assuming No Shareholders Redeem(2)(3)(10)		Shares Beneficially Owned Following Redomiciliation Merger if 32.99999% of Shareholders Redeemed(2)(3)(10)		Shares Beneficially Owned Following Issuance of Additional Stock Assuming 32.99999% of Shareholders Redeem(2)(3)(10)	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Prokopios (Akis) Tsirigakis(1)(10)	4,357,392	10.2%	4,357,392	9.8%	4,357,392	12.1%	4,357,392	11.6%
George Syllantavos(1)(10)	1,619,039	3.8%	1,619,039	3.7%	1,619,039	4.5%	1,619,039	4.3%
Christo Aragnostou(1)	116,108	0.3%	116,108	0.3%	116,108	0.3%	116,108	0.3%
Niko Nikiforos(1)	116,108	0.3%	116,108	0.3%	116,108	0.3%	116,108	0.3%
Petros Pappas(1)(10)	4,547,873	10.7%	4,547,873	10.3%	4,547,873	12.6%	4,547,873	12.1%
Koert Erhardt(1)(10)	390,269	0.9%	390,269	0.9%	390,269	1.1%	390,269	1.0%
Tom Softeland(1)	145,135	0.3%	145,135	0.3%	145,135	0.4%	145,135	0.4%
Directors and executive officers as a group (7 individuals)(7)	10,159,424	23.8%	10,159,424	22.9%	10,159,424	28.1%	10,159,424	26.9%
Oceanwood Global Opportunities Master Fund(5)	2,732,226	6.4%	2,732,226	6.2%	2,732,226	7.6%	2,732,226	7.2%
The Baupost Group L.L.C.(9)	2,845,200	6.7%	2,845,200	6.4%	2,845,200	7.9%	2,845,200	7.5%
Fir Tree Recovery(4)	736,970	1.7%	736,970	1.7%	736,970	2.0%	736,970	2.0%
Sapling, LLC(4)	2,112,630	4.9%	2,112,630	4.8%	2,112,630	5.9%	2,112,630	5.6%
Giovine Capital Group LLC(11)	3,430,600	8.0%	3,430,600	7.7%	3,430,600	9.5%	3,430,600	9.1%
Ramius Capital Group LLC(12)	1,655,900	3.9%	1,655,900	3.7%	1,655,900	4.6%	1,655,900	4.4%
TMT Before Additional Stock(6)(8)	12,537,645	29.4%	12,537,645	28.3%	12,537,645	34.7%	12,537,645	33.3%
Additional Stock Issued End of Year 1(8)			803,481	30.1%			803,481	35.4%
Additional Stock Issued End of Year 2(8)			803,481	31.9%			803,481	37.5%

(1) Unless otherwise indicated, the business address of each of the individuals is 40 Ag. Konstantinou Avenue, Aethrion Center, Suite B34, Maroussi 15124 Athens, Greece.

(2) Includes shares of common stock issuable upon exercise of warrants that are exercisable within 60 days of effectiveness of the registration statement of which this prospectus is a part.

(3)

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Our officers and directors have agreed to surrender to us for cancellation up to an aggregate of 200,000 shares in the event, and to the extent, stockholders exercise their right to redeem their shares for cash upon a business combination. The share amounts do not reflect any surrender of shares.

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- (4) Derived from a joint filing of a Schedule 13G/A on February 14, 2006 filed by Sapling, LLC and Fir Tree Recovery. Fir Tree, Inc. is the investment manager of both Sapling LLC and Fir Tree Recovery. Jeffrey D. Tannenbaum exercises voting and investment control over the securities held of record by Sapling, LLC and Fir Tree Recovery.
- (5) Derived from a filing of a Schedule 13D/A on March 30, 2007 by Oceanwood Global Opportunities Master Fund. Christopher Gate exercises voting and investment control over the securities held of record by Oceanwood Global Opportunities Master Fund.
- (6) Shares being issued concurrently with the Redomiciliation Merger to TMT as agent for its subsidiaries.
- (7) Based on the current holdings of the officers, directors and 5% holders of Star Maritime as of the date of the proposed Redomiciliation Merger.
- (8) Star Bulk has agreed to issue an aggregate of 1,606,962 additional shares of Star Bulk's common stock to TMT in two installments. Mr. Nobu Su, the non-executive Co-Chairman of our board of directors exercises voting and investment control over the securities held of record by TMT.
- (9) Derived from a filing of a Schedule 13G on February 13, 2007 by The Baupost Group, L.L.C. Seth A. Klarman exercises voting and investment control over the securities held of record by The Baupost Group, LLC.
- (10) Includes 1,132,500 warrants included in the private placement of units purchased by management prior to the initial public offering: Prokopios (Akis) Tsirigakis 350,000; George Syllantavos 132,500; Petros Pappas 600,000; Koert Ehrhardt 50,000.
- (11) Derived from a joint filing on Schedule 13G on August 3, 2007 by Giovine Capital Group LLC and Thomas A. Giovine.
- (12) Derived from a joint filing on Schedule 13G on August 13, 2007 by RCG Carpathia Master Fund, Ltd., Ramius Securities, L.L.C., RCG Baldwin, L.P., RCG Crimson, LP, Ramius Securities, L.L.C., C4S & Co., L.L.C. and Ramius Capital Group, L.L.C.

**STAR BULK SUMMARY FINANCIAL INFORMATION**

Because Star Bulk was incorporated on December 13, 2006, and has no operating history, Star Bulk does not have any historical financial statements for any period other than a balance sheet as of February 5, 2007, which is included later in this joint proxy statement/prospectus.

		As of February 5, 2007
(Expressed in U.S. dollars, except for share and per share data)		
<b><u>Assets</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$	1,000
<b>Total current assets</b>		1,000
<b>Total assets</b>	\$	1,000
<b><u>Liabilities and Shareholders' Equity</u></b>		
<b>Commitments and contingencies (Note 4)</b>		
Shareholders' Equity		
Common stock (100,000,000 shares authorized, par value \$0.01 per share, 500 issued and outstanding)		5
Preferred stock (25,000,000 shares authorized, par value \$0.01 per share, none issued and outstanding)		
Paid-in capital		995
<b>Total shareholders' equity</b>		1,000
<b>Total liabilities and shareholders' equity</b>	\$	1,000

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION OF STAR BULK CARRIERS CORP.**

The following is a discussion of Star Bulk's financial condition and results of operations from the date of inception of its corporate existence, December 13, 2006, through February 5, 2007. You should read the following discussion and analysis together with our financial statements and related notes included elsewhere in this prospectus. This discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those currently anticipated and expressed or implied by such forward-looking statements. For a discussion of some of those risks and uncertainties, read the sections entitled "Forward Looking Statements" and "Risk Factors."

**Overview**

Star Maritime intends to merge with and into its wholly-owned subsidiary, Star Bulk, with Star Bulk as the surviving corporation. Star Bulk has entered into definitive agreements to acquire a fleet of eight drybulk carriers from certain wholly-owned subsidiaries of TMT, a global shipping company with management headquarters in Taiwan. Star Bulk's acquisition of the eight drybulk carriers from TMT is contingent upon the approval and consummation of the Redomiciliation Merger. Star Maritime has also entered into related agreements with TMT in connection with the acquisition of the vessels. Following the Redomiciliation Merger, Star Maritime will be merged out of existence and Star Bulk will be governed by the laws of the Republic of the Marshall Islands and, pursuant to separate definitive agreements, Star Bulk will acquire the vessels in its initial fleet from wholly-owned subsidiaries of TMT for an aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of the Redomiciliation Merger and an additional 1,606,962 shares of Star Bulk common stock to be issued in two installments. Star Bulk intends to drawdown amounts under its credit facility sufficient to fund the balance of the cash portion of the aggregate purchase price of the vessels in the initial fleet to the extent that funds in the Trust Account are used to pay redeeming stockholders. Following the acquisition of the eight drybulk carriers, Star Bulk expects to have working capital of approximately \$1.6 million.

TMT has undertaken to procure the employment of five of the eight vessels under time charters with first class charterers, subject to such minimum terms and aggregate targeted daily time charter hire rates as provided in the agreements and upon standard industry terms for employment of the vessels. Each time charter will be novated to Star Bulk upon delivery of the relevant vessel. TMT has also agreed to procure the time charters with third party charterers or, in the case of the Panamax vessel and, one of the Supramax vessels, with a TMT affiliate as charterer. If the aggregate target daily time charter hire rate is not achieved, TMT has agreed to pay Star Bulk the difference between the aggregate daily hire rate fixed by TMT for the vessels under the time charters and the agreed aggregate minimum daily time charter hire rate. One vessel will be operated in the spot market.

Star Bulk intends to pay a dividend, which it estimates will be in the amount of \$0.325 per common share, for its first full operating quarter. Star Bulk intends to pay a partial dividend in February 2008 which it estimates will be in an amount of \$0.325 per common share pro rated for the number of ownership days during the fourth quarter of 2007. Please read "Statement of Forecasted Results of Operations and Cash Available for Dividends, Reserves and Extraordinary Expenses."

Star Bulk believes that developments in the seaborne transportation industry, including the drybulk sector, have created opportunities to acquire vessels and employ them at attractive fixed rate period charters that will generate steady cash flows and provide long-term shareholder value. We further believe that investing in different sectors of the seaborne transportation industry by acquiring vessels that operate in diverse geographical areas carrying a wide range of commodities enables us to lower our dependence on any one shipping sector to seek to generate revenues and find attractive acquisition opportunities. In the future we will review and consider acquisition opportunities and chartering strategies in a number of sectors described under the heading "The International Dry Bulk Shipping Industry" in order to identify and consummate transactions that we believe enhance shareholder value. Please read "Distinguishing Factors and Business Strategy."

*Vessel Management*

Star Bulk believes that its director's and executive officers' long experience in third-party technical management of drybulk carriers will enable Star Bulk to establish cost-efficient operations. Star Bulk intends to actively monitor and control vessel operating expenses while maintaining high quality of its fleet through regular inspection, maintenance programs, high standards of operation, vessel technical condition, safety and environmental protection through comprehensive planned maintenance systems, preventive maintenance programs and by retaining and training qualified crew members. Star Bulk Management will be responsible for the management of the vessels. Star Bulk Management's responsibilities include, inter alia, locating, purchasing, financing and selling vessels, deciding on capital expenditures for the vessels, paying vessels' taxes, negotiating charters for the vessels, managing the mix of various types of charters, developing and managing the relationships with charterers and the operational and technical management of the vessels. Technical management includes maintenance, drydocking, repairs, insurance, regulatory and classification society compliance, arranging for and managing crews, appointing technical consultants and providing technical support.

Under an agreement dated May 4, 2007, Star Bulk appointed Combine Marine, Inc., or Combine, a company affiliated with Mr. Tsirigakis, Mr. Pappas and Mr. Christo Anagnostou, as interim manager of the vessels in the initial fleet. Under the agreement, Combine will provide interim technical management and associated services to the vessels as from their delivery to Star Bulk, and further provide such services and shore personnel so as to effect the smooth delivery of the vessels to Star Bulk in exchange for a flat fee of \$10,000 per vessel prior to delivery and at a daily fee of \$450 per vessel during the term of the agreement.

*Charters*

Star Bulk expects to generate revenues by charging customers for the transportation of drybulk cargoes using its vessels.

All of Star Bulk's vessels, with the exception of the *Star Beta* that will operate in the spot charter market, will be under medium- to long-term charters with terms of one to three years with an average of approximately one and a half years and provide for fixed semi-monthly payments in advance which Star Bulk expects to commence immediately upon their delivery to Star Bulk. Star Bulk believes that these charters will provide it with high fleet utilization and relatively stable revenues. Star Bulk may in the future pursue other market opportunities for its vessels to capitalize on favorable market conditions, including entering into short-term time and voyage charters, pool arrangements or bareboat charters. For a description of Star Bulk's charter arrangements, please read "Information Concerning Star Bulk Carriers Corp. Star Bulk's Fleet."

*Lack of Historical Operating Data for Vessels Before their Acquisition*

Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, there is no historical financial due diligence process when Star Bulk acquires vessels. Accordingly, Star Bulk does not obtain the historical operating data for the vessels from the sellers because that information is not material to its decision to make acquisitions. Generally, vessels are sold under a standardized agreement, which, among other things, provides the buyer with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not give the buyer the right to inspect, or receive copies of, the historical operating data of the vessel. Prior to the delivery of a purchased vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. In addition, the technical management agreement between the seller's technical manager and the seller is automatically terminated and the vessel's trading certificates are revoked by its flag state following a change in ownership.

Consistent with shipping industry practice, Star Bulk treats the acquisition of a vessel (whether acquired with or without charter) as the acquisition of an asset rather than a business. Star Bulk has

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agreed to acquire six vessels with time charters and may, in the future, acquire some vessels with or without time charters. Where a vessel has been under a voyage charter, the vessel is delivered to the buyer free of charter, and it is rare in the shipping industry for the last charterer of the vessel in the hands of the seller to continue as the first charterer of the vessel in the hands of the buyer. In most cases, when a vessel is under time charter and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer's entering into a separate direct agreement with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter, because it is a separate service agreement between the vessel owner and the charterer. Consistent with shipping industry practice, vessels are delivered debt-free, whether or not they had previously been mortgaged.

Star Bulk will take the following steps before an acquired vessel commences operations, which substantially eliminate any continuity with operations prior to the vessel's acquisition:

register the vessel under a new flag state and perform the related inspections;

put in place new commercial management, with a different marketing system and sales force;

put in place new financing arrangements and/or senior debt with the vessels as collateral;

negotiate and enter into a new technical management agreement;

change the name of the vessel and the formal markings of the vessel;

arrange for new crew for the vessel;

replace all hired equipment on board, such as gas cylinders and communication equipment;

negotiate and enter into new insurance contracts for the vessel through Star Bulk's own insurance brokers;

obtain new trading certificates for the vessel from the flag state;

implement a new confidential and proprietary security system for the vessel under the new owner;

implement a new planned maintenance program for the vessel; and

ensure that the new technical manager obtains new certificates for compliance with the safety and vessel security regulations of the flag state.

### *Discussion of the Business of Star Bulk*

The following discussion is intended to help you understand how acquisitions of vessels affect Star Bulk's business and results of operations. Star Bulk's business will be comprised of the following main elements:

employment and operation of Star Bulk's drybulk carriers; and

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management of the financial, general and administrative elements involved in the conduct of Star Bulk's business and ownership of the drybulk carriers.

The employment and operation of Star Bulk's vessels require the following main components:

vessel maintenance and repair;

crew selection and training;

vessel spares and stores supply;

contingency response planning;

onboard safety procedures and auditing;

onboard security procedures and auditing;

accounting;

vessel insurance arrangement;

vessel chartering;



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vessel hire management;

vessel surveying; and

vessel performance monitoring.

The management of financial, general and administrative elements involved in the conduct of Star Bulk's business and ownership of its vessels requires the following main components:

management of Star Bulk's financial resources, including banking relationships, i.e., administration of bank loans and bank accounts;

management of Star Bulk's accounting system and records and financial reporting;

administration of the legal and regulatory requirements affecting Star Bulk's business and assets; and

management of the relationships with Star Bulk's service providers and customers.

The principal factors that affect Star Bulk's profitability, cash flows and shareholders' return on investment include:

rates and periods of charter hire;

levels of vessel operating expenses;

depreciation expenses;

financing costs;

off-hire periods, if any; and

cost and duration of dry dockings.

As of the date of this prospectus we have no revenues and we will only produce revenues after the redomiciliation merger which will be reduced by our administrative, operational and other expenses.

### **Factors Affecting Star Bulk's Future Results of Operations**

Star Bulk's revenues will consist of revenues from employment of the vessels under time charters and spot charters. Star Bulk may, in the future, employ vessels under bareboat charters or in drybulk carrier pools. Star Bulk believes that the important measures for analyzing trends in the results of operations consist of the following:

*Ownership days.* Star Bulk defines ownership days as the total number of calendar days in a period during which each vessel in the fleet was owned by Star Bulk. Ownership days are an indicator of the size of the fleet over a period and affect both the amount of revenues and the amount of expenses that we record during that period.

*Available days.* Star Bulk defines available days as the number of ownership days less the aggregate number of off hire days associated with major repairs, dry-dockings or special or intermediate surveys. The shipping industry uses available days to measure the number of

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ownership days in a period during which vessels should be capable to generate revenues.

*Voyage days.* Star Bulk defines voyage days as the total number of available days less the aggregate number of days that our vessels are off-hire due to any reason, including unforeseen circumstances other than off-hire days associated with major repairs, dry dockings or special or intermediate surveys. The shipping industry uses voyage days to measure the number of days in a period during which vessels actually generate revenues.

*Fleet utilization.* We will calculate fleet utilization by dividing the number of voyage days during a period by the number of ownership days during that period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off hire for any reason including scheduled repairs, vessel upgrades, dry-dockings or special or intermediate surveys.

*Charter Contracts.* A time charter is a contract for the use of a vessel for a specific period of time during which the charterer pays substantially all of the voyage expenses, including port and canal charges, and bunkers expenses, but the vessel owner pays the vessel operating expenses and commissions on gross voyage revenues. In the case of a spot market charter, the vessel owner pays both voyage expenses (less specified amounts, if any, covered by the voyage charterer), commissions on gross revenues and vessel operating expenses. Time charter rates are usually fixed during the term of the charter. Prevailing time charter rates fluctuate on a seasonal and year to year basis and may be substantially higher or lower from a prior time charter contract when the subject vessel is seeking to renew that prior charter or enter into a new charter with another charterer. Fluctuations in charter rates are caused by imbalances in the availability of cargoes for shipment and the number of vessels available at any given time to transport these cargoes. Fluctuation in time charter rates are influenced by changes in spot charter rates.

## **Revenues**

### *Voyage Revenues*

Voyage revenues are driven primarily by the number of vessels in our fleet, the number of voyage days and the amount of daily charterhire, or time charter equivalent, that our vessels earn under charters, which, in turn, are affected by a number of factors, including our decisions relating to vessel acquisitions and disposals, the amount of time that we spend positioning our vessels, the amount of time that our vessels spend in dry-dock undergoing repairs, maintenance and upgrade work, the age, condition and specifications of our vessels, levels of supply and demand in the seaborne transportation market and other factors affecting spot market charter rates for vessels.

Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating in the spot charter market during periods characterized by favorable market conditions. Vessels operating in the spot charter market generate revenues that are less predictable but may enable us to capture increased profit margins during periods of improvements in charter rates although we are exposed to the risk of declining vessel rates, which may have a materially adverse impact on our financial performance. If we employ vessels on period time charters, future spot market rates may be higher or lower than the rates at which we have employed our vessels on period time charters.

### *Time Charter Equivalent (TCE)*

A standard maritime industry performance measure used to evaluate performance is the daily time charter equivalent, or daily TCE. Daily TCE revenues are voyage revenues minus voyage expenses divided by the number of voyage days during the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by a charterer under a time charter, as well as commissions. We believe that the daily TCE neutralizes the variability created by unique costs associated with particular voyages or the employment of vessels on time charter or on the spot market and presents a more accurate representation of the revenues generated by our vessels.

## **Vessel Operating Expenses**

Vessel operating expenses include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, tonnage taxes, regulatory fees, technical management fees and other miscellaneous expenses. Other factors beyond Star Bulk's control, some of which may affect the shipping industry in general, including, for instance, developments relating to market prices for crew wages and insurance, may also cause these expenses to increase. Technical vessel managers will establish an operating expense budget for each vessel and perform the day-to-day management of the vessels. Star Bulk Management will monitor the performance of each of the technical vessel managers by comparing actual vessel operating

expenses with the operating expense budget for each vessel. Star Bulk will be responsible for the costs of any deviations from the budgeted amounts.

Under an agreement dated May 4, 2007, Star Bulk appointed Combine Marine, Inc., or Combine, a company affiliated with Mr. Tsirigakis, Mr. Pappas and Mr. Christo Anagnostou, as interim manager of the vessels in the initial fleet. Under the agreement, Combine will provide interim technical management and associated services to the vessels as from their delivery to Star Bulk, and further provide such services and shore personnel so as to effect the smooth delivery of the vessels to Star Bulk in exchange for a flat fee of \$10,000 per vessel prior to delivery and at a daily fee of \$450 per vessel during the term of the agreement.

### **Depreciation**

Star Bulk will depreciate its vessels on a straight-line basis over their estimated useful lives determined to be 25 years from the date of their initial delivery from the shipyard. Depreciation is based on cost less the estimated residual value.

### **General and Administrative Expenses**

Star Bulk will incur general and administrative expenses, including its onshore vessel related expenses such as legal and professional expenses. Star Bulk's general and administrative expenses also include payroll expenses, including those relating to its executive officers, and rent. Star Bulk expects general and administrative expenses to reflect the costs associated with running a public company including board of director costs, director and officer insurance, investor relations, registrar and transfer agent fees and increased legal and accounting costs related to compliance with the Sarbanes-Oxley Act of 2002, or SOX, and the acquisition of the initial fleet.

### **Financing Fees**

Star Bulk will defer financing fees and expenses incurred upon entering into its credit facility and will amortize them to interest and financing costs over the term of the underlying obligation using the effective interest method.

### **Special or Intermediate Survey and Drydocking Costs**

Star Bulk will capitalize the costs associated with the drydocks as they occur and amortize these costs on a straight line basis over the period between drydocks.

### **Results of Operations**

Star Bulk was incorporated on December 13, 2006, and has no operating history, Star Bulk does not have any historical financial statements for any period other than a balance sheet as of February 5, 2007, which is included earlier in this joint proxy statement/prospectus.

### **Liquidity and Capital Resources**

Star Bulk's working capital requirements relate to the operation of its fleet, including vessel operating expenses and debt service. Star Bulk's operating cash flows will be generated from charters arranged on its vessels, through its subsidiaries. Star Bulk's subsidiaries will have no existing restrictions for the transfer of funds to Star Bulk other than those included in the credit facility. Please read "Acquisition Financing". Star Bulk estimates that following the delivery of the vessels and taking into account generally expected market conditions, internally generated cash flow from its charters will be sufficient to fund its working capital requirements.

Star Bulk has entered into a commitment letter with an international shipping lender that will, subject to the approval of the Redomiciliation Merger, provide Star Bulk with a credit facility of up to \$120,000,000 with a minimum eight-year term and secured by the vessels that Star Bulk has agreed to acquire from TMT. Star Bulk intends to draw down approximately \$40,000,000 under the credit facility to fund a portion of the cash consideration of the aggregate purchase price of the vessels in the initial fleet. Any excess un-drawn funds under the credit facility will be used for additional vessel acquisitions and to provide working capital.

**Quantitative and Qualitative Disclosure of Market Risk****Interest Rate Fluctuation**

On, May 10, 2007 Star Bulk entered into a commitment letter with Commerzbank AG indicating that its credit facility will bear the stated interest rate of LIBOR plus a margin ranging from 0.8% to 1.25%. Increasing interest rates could adversely affect Star Bulk's future profitability. Assuming that \$120,000,000 is drawn down at July 31, 2007, a 100 basis point increase in LIBOR would result in an increase in interest expense of approximately \$510,000 for the years ended December 31, 2007 and December 31, 2008. Star Bulk intends to limit its exposure to interest rate fluctuations under its credit facility by entering into interest rate swaps.

The following table sets forth the sensitivity of our senior secured term loan to a 100 basis point increase in LIBOR for the period beginning July 31, 2007 through December 31, 2007 and the next five years on the same basis.

Year	Amount
2007	510,000
2008	1,220,000
2009	1,206,076
2010	1,021,556
2011	874,736
2012	765,389

**Foreign Exchange Rate Risk**

Star Bulk will generate revenues in U.S. dollars but incur a portion of its vessel operating expenses and general and administrative costs in other currencies, primarily the Euro. Star Bulk will monitor trends in foreign exchange rates closely and actively manage its exposure to foreign exchange rates. Star Bulk will maintain foreign currency accounts and buy foreign currency forwards in anticipation of its future requirements in an effort to manage foreign exchange risk.

**Capital Expenditures**

The aggregate purchase price for the vessels is \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock to be issued at the time of the Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments. The source of funds to complete the acquisition of the vessels will be funds in the Trust Account, together with borrowings under the new senior secured credit facility.

**Inflation**

Management of Star Bulk does not consider inflation to be a significant risk to direct expenses in the current and foreseeable economic environment.

**Off-balance sheet arrangements**

As of the date of this joint proxy statement/prospectus, Star Bulk does not have any off-balance sheet arrangements.

**Contractual Obligations**

The following table presents our contractual obligations as of May 11, 2007, as adjusted to reflect the conclusion of (a) the purchase agreements to acquire our initial fleet, subject to the completion of this offering; (b) agreements with our vessel managers; and (c) our senior secured term loan to partially fund the acquisition of our initial fleet.

Obligations	Total Amount	Payments due by period					
		2007	2008	2009	2010	2011	2012
Vessel Purchase Agreements(1)	345,237,520	\$ 345,237,520					
Management Agreement(2)	1,397,600	630,800	766,800				
Senior Secured Term Loan Principal Payments(3)	49,750,000	0	0	6,250,000	21,500,000	11,000,000	11,000,000
Interest Payments(4)	33,586,540	3,060,000	7,320,000	7,236,458	6,129,333	5,248,416	4,592,333

- (1) Pursuant to separate definitive agreements, Star Bulk will acquire the vessels in its initial fleet from wholly-owned subsidiaries of TMT for an aggregate purchase price of \$345,237,520, consisting of \$224,500,000 in cash and 12,537,645 shares of common stock of Star Bulk to be issued at the time of the Redomiciliation Merger and an additional 1,606,962 shares of common stock of Star Bulk to be issued in two installments.
- (2) Pursuant to an agreement dated May 4, 2007, Combine Marine, Inc will act as interim manager of the vessels in the initial fleet. Under the agreement, Combine will provide technical management and associated services to the vessels as from their delivery to Star Bulk, and further provide such services and shore personnel so as to effect the smooth delivery of the vessels to Star Bulk.
- (3) Star Bulk has entered into a commitment letter with Commerzbank AG that will, subject to the approval of the Redomiciliation Merger, provide Star Bulk with a credit facility of up to \$120,000,000 that will bear interest at LIBOR plus a margin at a minimum of 0.8% to a maximum of 1.25% secured by certain of the vessels in the initial fleet of Star Bulk.
- (4) Based on a maximum draw down of \$120,000,000 on July 31, 2007 and LIBOR of 5.2% and margin of 0.8% for total interest of 6.0%.

**Critical Accounting Policies**

Following the Redomiciliation Merger, management expects to make certain estimates and judgments in connection with the preparation of Star Bulk's financial statements, which will be prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of Star Bulk's financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Star Bulk has described below what it believes will be the most critical accounting policies that involve a high degree of judgment and the methods of their application.

*Impairment of long-lived assets.* Star Bulk will evaluate the carrying amounts and periods over which long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, Star Bulk will review certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions. Star Bulk will determine undiscounted projected net operating cash flows for each vessel and compare it to the vessel carrying value. In the event that impairment occurred, Star Bulk would determine the fair value of the related asset and would record a charge to operations calculated by comparing the



asset's carrying value to the estimated fair market value. Star Bulk estimates fair market value primarily through the use of third party valuations performed on an individual vessel basis.

*Depreciation.* Star Bulk will record the value of its vessels at their cost (which includes acquisition costs directly attributable to the vessel and expenditures made to prepare the vessel for its initial voyage) less accumulated depreciation. Star Bulk will depreciate its vessels on a straight-line basis over their estimated useful lives, estimated to be 25 years from date of initial delivery from the shipyard. Star Bulk believes that a 25-year depreciable life is consistent with that of other ship owners. Furthermore, Star Bulk estimates the residual values of its vessels to be \$200 per light-weight ton which it believes is common in the dry bulk shipping industry. Depreciation is based on cost less the estimated residual scrap value. An increase in the useful life of the vessel or in the residual value would have the effect of decreasing the annual depreciation charge and extending it into later periods. A decrease in the useful life of the vessel or in the residual value would have the effect of increasing the annual depreciation charge.

*Drydocking costs.* Star Bulk's vessels will be required to be drydocked for major repairs and maintenance that cannot be performed while the vessel is operating approximately every 30 to 60 months. Star Bulk will capitalize the costs associated with the drydocks as they occur and amortize these costs on a straight line basis over the period between drydocks. Costs capitalized as part of the drydock include actual costs incurred at the drydock yard, cost of travel, lodging and subsistence of our personnel sent to the drydock site to supervise; and the cost of hiring a third party to oversee a drydock. Star Bulk believes that these criteria are consistent with GAAP guidelines and industry practice, and that its policy of capitalization reflects the economics and market values of the vessels.

*Revenue recognition.* Revenues will be generated from the hire that Star Bulk will receive under time or period charters, although Star Bulk may also generate revenues from freights in respect of voyage charters that Star Bulk may enter. Time charter revenues will be recorded over the term of the charter as service is provided. Under a voyage charter, the revenues will be recognized ratably over the duration of the voyage from load port to discharge port. The relevant voyage costs will be recognized as incurred. In applying this revenue recognition method, we believe that the load-to-discharge basis of calculating voyages more accurately estimates voyage results than the alternative load-to-load basis. Since, at the time of discharge, Star Bulk generally will know the next load port and expected load port, the discharge-to-discharge calculation of voyage revenues can be estimated with a greater degree of accuracy.

*Allowance for doubtful accounts.* Revenue is based on contracted charter parties and although our business will be with customers who Star Bulk believes to be of the highest standard, there is always the possibility of dispute over terms and payment of freight. In such circumstances, Star Bulk will assess the recoverability of amounts outstanding and Star Bulk will estimate a provision if there is a possibility of non-recoverability. Although Star Bulk believes our provisions to be based on fair judgment at the time of their creation, it is possible that an amount under dispute is not recovered and the estimated provision for doubtful recoverability is inadequate.



**THE INTERNATIONAL DRY BULK SHIPPING INDUSTRY**

The information and data in this section relating to the international dry bulk shipping industry has been provided by Drewry Shipping Consultants (Drewry), and is taken from Drewry databases and other sources available in the public domain. Drewry has advised us that it accurately describes the international dry bulk shipping industry, subject to the availability and reliability of the data supporting the statistical and graphical information presented. Drewry's methodologies for collecting information and data, and therefore the information discussed in this section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the dry bulk shipping industry. The source of all tables and charts is Drewry unless otherwise indicated. Star Maritime has agreed to pay Drewry UK £15,000 for the information provided below.

**Introduction**

The marine industry is a vital link in international trade, with oceangoing vessels representing the most efficient, and often the only means of transporting large volumes of basic commodities and finished products. Seaborne cargo is categorized as dry cargo or liquid cargo. Dry cargo includes dry bulk cargo, container cargo and non container cargo. Container cargo is shipped in 20 or 40 foot containers and includes a wide variety of finished products. Non-container cargo includes other dry cargo that cannot be shipped in a container due to size, weight or handling requirements, such as large manufacturing equipment or large industrial vehicles. Liquid cargo, includes crude oil, refined oil products, liquefied gases, chemicals and associated products, all of which are shipped in tankers.

In 2006, approximately 4,505 million tons of dry cargo was transported by sea, of which dry bulk cargo accounted for 2,62 million tons. The following table presents the breakdown of the global trade by type of cargo in 2006:

**World Seaborne Trade 2006\***

	<b>Tons (Millions)</b>	<b>% Total Seaborne Trade</b>
<b>All Cargo</b>		
Dry Cargo	4,508	55.4
Liquid Cargo	3,627	44.6
<b>Total</b>	<b>8,135</b>	<b>100.0</b>
<b>Dry Cargo</b>		
<b>Dry Bulk</b>	2,765	34.0
Major Bulks	1,681	20.7
Coal	699	8.6
Iron Ore	723	8.9
Grain	262	3.2
Minor Bulks	1,081	13.3
<b>Container Cargo</b>	1,170	14.4
<b>Non Container/General Cargo</b>	<b>573</b>	<b>7.0</b>
<b>Total</b>	<b>4,508</b>	<b>55.4</b>

\* Provisional  
Source: Drewry

Dry bulk cargo can be further defined as either major bulk cargo or minor bulk cargo, all of which is shipped in bulk carriers. Major bulk cargo includes, among other things, iron ore, coal and grain. Minor bulk cargo includes agricultural products, mineral cargo (including metal concentrates), cement,

forest products and metal products. Dry bulk cargo is normally shipped in large quantities and can be easily stowed in a single hold with little risk of cargo damage.

### **Dry Bulk Shipping**

#### **Dry Bulk Carrier Demand**

The demand for dry bulk carriers is determined by the volume and geographical distribution of seaborne dry bulk trade, which in turn is influenced by trends in the global economy. During the 1980s and 1990s seaborne dry bulk trade increased by slightly more than 2% per annum. However, between 2000 and 2006, seaborne dry bulk trade has risen from 2,108 to 2,765 million tons, an increase of 31%.

The following chart illustrates the changes in seaborne trade between the major and minor bulks in the period 2000 to 2006.

#### **Dry Bulk Trade Development**

*(Million tons)*

*p=provisional*  
*Source: Drewry*

Historically, certain economies have acted as the "primary driver" of dry bulk trade. In the 1990s Japan was the driving force, when buoyant Japanese industrial production stimulated demand for imported bulk commodities. More recently China has been the main driver behind the recent increase in seaborne dry bulk trade as high levels of economic growth have generated increased demand for imported raw materials. The following table illustrates China's gross domestic product growth rate compared to that of the United States and the world during the periods indicated.

**GDP Growth**

(% change)

Years	China	US	World
1981-1985	10.1	2.6	2.4
1986-1990	7.8	2.6	2.8
1991-1995	12	2.3	1.2
1996-2000	8.3	4.1	3.5
2001-2003	7.9	1.9	3.5
2004	10.1	3.9	5.3
2005	10.2	3.2	4.7
2006(p)	10.5	3.3	5.0

*p = provisional*

*Source: Drewry*

In particular Chinese imports of iron ore alone increased from 55 million tons in 1999 to 271 million tons in 2005, which has generated much additional employment for the larger vessels in the dry bulk carrier fleet. In addition to coal and iron ore, Chinese imports of steel products have also increased sharply in the last five years, thereby creating additional demand for dry bulk carriers.

**Chinese Iron Ore Imports  
(Million Tonnes)**

Year	Imports	% Change
2001	92.5	32.1
2002	111.3	20.3
2003	148.2	33.2
2004	208.1	40.4
2005	275.2	32.2
2006(p)	325.2	18.2

*p = provisional*

*Source: Drewry*

The extent to which increases in dry bulk trade have affected demand for dry bulk carriers is shown in estimates of ton-mile demand. Ton-mile demand is calculated by multiplying the volume of cargo moved on each route by the distance of the voyage.

The following table and chart below detail the changes in ton-mile demand for the primary dry bulk commodities.

**Demand by Commodity***(Billion ton-miles)*

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006(p)</b>
Iron ore	2,560	2,580	2,741	3,050	3,463	3,905	4,268
Coal	2,482	2,583	2,583	2,910	3,386	3,638	3,775
Grain	1,289	1,360	1,256	1,290	1,317	1,341	1,389
Other Minor Bulks	4,043	3,991	4,215	4,367	4,581	4,762	5,020
<b>Total Demand</b>	<b>10,374</b>	<b>10,514</b>	<b>10,795</b>	<b>11,617</b>	<b>12,747</b>	<b>13,646</b>	<b>14,455</b>
<b>% Change</b>	<b>3.3%</b>	<b>1.3%</b>	<b>2.7%</b>	<b>7.6%</b>	<b>9.7%</b>	<b>7.1%</b>	<b>5.9%</b>

*p = provisional**Source: Drewry***Ton Mile Demand (Billion ton-miles)**

Between 2000 and 2006, ton-mile demand in the dry bulk sector increased by 39%, equivalent to an average annual increase of 5.68%. This is however above the long term growth rate in ton mile demand in the dry bulk sector and reflects the rise in long haul movements, especially for commodities such as iron ore. Indeed, total ton mile demand in the major bulks increased from 6,300 to 9,400 billion ton miles between 2000 and 2006, equivalent to an average annual increase of 6.84%.

Annual Changes (%) Dry Bulk Trade and Tonne Mile Demand

Dry bulk carriers are one of the most versatile elements of the global shipping fleet in terms of employment alternatives. They seldom operate on round trip voyages and the norm is often triangular or multi-leg voyages. Hence, trade distances assume greater importance in the demand equation and increases in long haul shipments will have greater impact on overall vessel demand. The following map represents the major global dry bulk trade routes.

**Major Dry Bulk Seaborne Trade Routes**

*Source: Drewry*

Demand for dry bulk carrier capacity is also affected by the operating efficiency of the global fleet. In recent years the growth in trade has led to port congestion, with ships at times being forced to wait outside port to either load or discharge due to limited supply of berths at major ports. This inefficiency has been a further factor contributing to the general tightness in the market.

Seasonal variations in the commodity markets, including iron ore, steam coal and grain, can also have a further impact on demand for dry bulk carriers. For example, steam coal's link to the energy and electricity markets results in increased demand when power companies increase their stock in winter months and when refrigeration and air conditioning increase electricity demand in summer months.



**Dry Bulk Carrier Supply**

The global dry bulk carrier fleet is divided into four categories based on a vessel's carrying capacity. These categories are:

**Capesize.** Capesize vessels have carrying capacities of more than 100,000 deadweight tons (dwt). These vessels generally operate along long haul iron ore and coal trade routes. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size.

**Panamax.** Panamax vessels have a carrying capacity of between 60,000 and 100,000 dwt. These vessels carry coal, grains, and, to a lesser extent, minor bulks, including steel products, forest products and fertilizers. Panamax vessels are able to pass through the Panama Canal, making them more versatile than larger vessels.

**Handymax/Supramax.** Handymax vessels have a carrying capacity of between 30,000 and 60,000 dwt. Supramax vessels are a sub-category of the Handymax vessels typically having a carrying capacity between 50,000 and 60,000 dwt. These vessels operate on a large number of geographically dispersed global trade routes, carrying primarily grains and minor bulks. Vessels below 60,000 dwt are sometimes built with on-board cranes enabling them to load and discharge cargo in countries and ports with limited infrastructure.

**Handysize.** Handysize vessels have a carrying capacity of up to 30,000 dwt. These vessels carry exclusively minor bulk cargo. Increasingly, ships of this type operate on regional trading routes. Handysize vessels are well suited for small ports with length and draft restrictions that may lack the infrastructure for cargo loading and unloading.

The following tables illustrate the size and breakdown of the global dry bulk fleet as of December 2006.

**Dry Bulk Carrier Fleet December 2006**

Size ('000 dwt)	Current Fleet			Orderbook	
	No.	Dwt (Million)	% of Total Fleet	Dwt (Million)	% of Fleet
Capesize (100+)	703	119.3	33%	37.1	31.1%
Panamax (60-100)	1,398	101.6	28%	20.3	20.0%
Handymax (30-60)	2,417	103.7	28%	22.8	22.0%
Handysize (10-30)	1,918	43.5	12%	1.9	4.4%
<b>Total</b>	<b>6,436</b>	<b>368.0</b>	<b>100%</b>	<b>82.4</b>	<b>22.4</b>

Source: Drewry

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The supply of dry bulk carriers is dependent on the delivery of new vessels from the orderbook and the removal of vessels from the global fleet, either through scrapping or loss. As of January 2007, the global dry bulk orderbook amounted to 82.4 million dwt, or 22.4 of the existing dry bulk carrier fleet.

### Dry Bulk Carrier Orderbook January 2007

Sector	2007		2008		2009		2010		2011		2012		Grand Total	
	No	000 Dwt	No	000 Dwt	No	000 Dwt	No	000 Dwt	No	000 Dwt	No	000 Dwt	No	000 Dwt
<b>10-30,000</b>	55	1,222	13	277	18	363	4	79					<b>90</b>	<b>1,940</b>
<b>30-60,000</b>	145	6,953	156	6,999	126	5,477	64	2,994	8	418			<b>499</b>	<b>22,842</b>
<b>60-100,000</b>	110	8,832	66	5,279	45	3,780	29	2,454					<b>250</b>	<b>20,344</b>
<b>100-150,000</b>			2	206				0					<b>2</b>	<b>206</b>
<b>150,000+</b>	52	9,962	41	8,199	45	9,847	35	7,115	9	1,726	1	200	<b>183</b>	<b>37,049</b>
<b>Grand Total</b>	<b>362</b>	<b>26,970</b>	<b>278</b>	<b>20,959</b>	<b>234</b>	<b>19,466</b>	<b>132</b>	<b>12,642</b>	<b>17</b>	<b>2,144</b>	<b>1</b>	<b>200</b>	<b>1,024</b>	<b>82,380</b>

*Source: Drewry*

The number of ships removed from the fleet in any period is dependent upon prevailing market conditions, scrap prices in relation to current and prospective charter market conditions and the age profile of the existing fleet. Generally, as a vessel ages, its operational efficiency declines due to rising maintenance requirements to the point where it becomes unprofitable to keep the ship in operation. The following chart illustrates the age profile of the global dry bulk carrier fleet in December 2006.

### Dry Bulk Carrier Age Profile December 2006

*Source: Drewry*

The average age at which a dry bulk carrier has been scrapped over the last five years has been 26 years. However, due to recent strength in the dry bulk shipping industry, over the last two years the average age at which dry bulk carriers have been scrapped has increased and a number of well-maintained vessels have continued to operate past the age of 30.



## Dry Bulk Carrier Scrapping

	2000	2001	2002	2003	2004	2005	2006
<b>Capesize (Mdw)*</b>	0.6	0.5	1.0	0.3	0.1	0.1	0.3
<b>Panamax (Mdw)*</b>	0.7	1.9	1.2	0.5	0.1	0.2	0.5
<b>Handymax (Mdw)*</b>	1.5	1.5	0.9	1.1	0.0	0.2	0.4
<b>Handysize (Mdw)*</b>	1.2	1.4	1.6	0.6	0.1	0.1	0.4
<b>Total Fleet (Mdw)*</b>	3.8	5.2	4.7	2.4	0.3	0.7	1.6

\* Total fleet end period

Source: Drewry

## Charter Hire Rates

Dry bulk carriers are employed in the market through a number of different chartering options. The general terms typically found in these types of contracts are described below.

A **bareboat charter** involves the use of a vessel usually over longer periods of time ranging up to several years. In this case, all voyage related costs, including vessel fuel, or bunker, and port dues as well as all vessel operating expenses, such as day-to-day operations, maintenance, crewing and insurance, transfer to the charterer's account. The owner of the vessel receives monthly charter hire payments on a per day basis and is responsible only for the payment of capital costs related to the vessel.

A **time charter** involves the use of the vessel, either for a number of months or years or for a trip between specific delivery and redelivery positions, known as a trip charter. The charterer pays all voyage related costs. The owner of the vessel receives semi-monthly charter hire payments on a per day basis and is responsible for the payment of all vessel operating expenses and capital costs of the vessel.

A **single** or spot **voyage charter** involves the carriage of a specific amount and type of cargo on a load-port to discharge-port basis, subject to various cargo handling terms. Most of these charters are of a single or spot voyage nature, as trading patterns do not encourage round voyage trading. The owner of the vessel receives one payment derived by multiplying the tons of cargo loaded on board by the agreed upon freight rate expressed on a per cargo ton basis. The owner is responsible for the payment of all expenses including voyage, operating and capital costs of the vessel.

A **contract of affreightment**, or COA, relates to the carriage of multiple cargoes over the same route and enables the COA holder to nominate different ships to perform individual voyages. Essentially, it constitutes a number of voyage charters to carry a specified amount of cargo during the term of the COA, which usually spans a number of years. All of the ship's operating, voyage and capital costs are borne by the ship owner. The freight rate normally is agreed on a per cargo ton basis.

Charter hire rates fluctuate by varying degrees amongst the dry bulk carrier size categories. The volume and pattern of trade in a small number of commodities (major bulks) affect demand for larger vessels. Because demand for larger dry bulk vessels is affected by the volume and pattern of trade in a relatively small number of commodities, charter hire rates (and vessel values) of larger ships tend to be more volatile. Conversely, trade in a greater number of commodities (minor bulks) drives demand for smaller dry bulk carriers. Accordingly, charter rates and vessel values for those vessels are subject to less volatility.

Charter hire rates paid for dry bulk carriers are primarily a function of the underlying balance between vessel supply and demand, although at times other factors, such as sentiment may play a role.

Furthermore, the pattern seen in charter rates is broadly mirrored across the different charter types and between the different dry bulk carrier categories.

In the time charter market, rates vary depending on the length of the charter period and vessel specific factors such as age, speed and fuel consumption.

In the voyage charter market, rates are influenced by cargo size, commodity, port dues and canal transit fees, as well as delivery and redelivery regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates than routes with low port dues and no canals to transit. Voyages with a load port within a region that includes ports where vessels usually discharge cargo or a discharge port within a region that includes ports where vessels load cargo also are generally quoted at lower rates. This is because such voyages generally increase vessel utilization by reducing the unloaded portion (or ballast leg) that is included in the calculation of the return charter to a loading area.

Within the dry bulk shipping industry, the charter hire rate references most likely to be monitored are the freight rate indices issued by the Baltic Exchange. These references are based on actual charter hire rates under charter entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers. The Baltic Panamax Index is the index with the longest history.

### **Baltic Exchange Freight Indices**

*(Index points)*

*The BSI replaced the BHMI on 03.01.06, although the index has been calculated since 01.07.05*

*Source: Baltic Exchange*

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The following chart illustrates one-year time charter rates for Handysize, Handymax, Panamax and Capesize dry bulk carriers between 1996 and December 2006.

### **Time Charter Rates 1 Year** *(US Dollars per day)*

*Source: Drewry*

In 2003 and 2004, rates for dry bulk carriers of all sizes strengthened appreciably in comparison to historical levels as vessel supply and demand were finely balanced. The main driver of this dramatic upsurge in charter rates was primarily the high level of demand for raw materials imported by China.

During 2005 and the early part of 2006 rates were generally quite volatile, but towards the end of the year rates strengthened again in all size categories. Whilst rates remain volatile, it is important to note that they remain above historical long-term averages.

#### **Vessel Prices**

Newbuilding prices are determined by a number of factors, including the underlying balance between shipyard output and capacity, raw material costs, freight markets and sometimes exchange rates. In the period 2003 to 2005 high levels of new ordering were recorded across all sectors of shipping. As a result, most of the major shipyards in Japan, South Korea and China have full orderbooks until the end of 2009.

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The following charts indicates the change in newbuilding prices for dry bulk carriers in the period from 1996. As can be seen newbuilding prices have increased significantly since 2003, due to tightness in shipyard capacity, high levels of new ordering and stronger freight rates.

### **Dry Bulk Carrier Newbuilding Prices**

*(Millions of US Dollars)*

*Source: Drewry*

In the secondhand market, the steep increase in newbuilding prices and the strength of the charter market have also affected values, to the extent that prices rose sharply in 2004/2005, before dipping in the early part of 2006, only to rise once more as the year came to a close.

### **Dry Bulk Carrier Secondhand Prices 5 Year Old Vessels**

*(Millions of US Dollars)*

*Source: Drewry*



### **DIVIDEND POLICY OF STAR BULK**

Star Bulk currently intends to pay quarterly dividends to the holders of its common shares, in February, May, August and November, in amounts that will allow it to retain a portion of its cash flows to fund vessel or fleet acquisitions, and for debt repayment and other corporate purposes, as determined by its management and board of directors. The payment of dividends is not guaranteed or assured and may be discontinued at the sole discretion of Star Bulk's board of directors and may not be paid in the anticipated amounts and frequency set forth in this joint proxy statement/prospectus. Star Bulk's board of directors will continually review its dividend policy and make adjustments that it believes appropriate.

Based upon and subject to the assumptions and forecasts included in the section "Star Bulk's Forecasted Cash Available for Dividends, Reserves and Extraordinary Expenses," Star Bulk intends to pay a dividend, which it estimates will be in the amount of \$0.325 per common share, for its first full operating quarter. Star Bulk intends to pay a partial dividend in February 2008 which it estimates will be in an amount of \$0.325 per common share pro rated for the number of ownership days during the fourth quarter of 2007. Please read "Statement of Forecasted Results of Operations and Cash Available for Dividends, Reserves and Extraordinary Expenses."

The timing and amount of dividend payments will be dependent upon Star Bulk's earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in its credit facility, the provisions of Marshall Islands law affecting the payment of distributions to stockholders and other factors. Star Bulk's ability to pay dividends will be limited by the amount of cash it can generate from operations, primarily the charter hire, net of commissions, received by Star Bulk under the charters for its vessels during the preceding calendar quarter, less expenses for that quarter, consisting primarily of vessel operating expenses (including management fees), general and administrative expenses, debt service, maintenance expenses and the establishment of any reserves as well as additional factors unrelated to its profitability. These reserves may cover, among other things, future dry-docking, repairs, claims, liabilities and other obligations, interest expense and debt amortization, acquisitions of additional assets and working capital.

Because Star Bulk is a holding company with no material assets other than the shares of its subsidiaries which will directly own the vessels in Star Bulk's fleet, Star Bulk's ability to pay dividends will depend on the earnings and cash flow of its subsidiaries and their ability to pay dividends to Star Bulk. Star Bulk cannot assure you that, after the expiration or earlier termination of its charters, Star Bulk will have any sources of income from which dividends may be paid. If there is a substantial decline in the charter market, this would negatively affect Star Bulk's earnings and limit its ability to pay dividends. Please read "Risk Factors Company Risk Factors Relating to the Surviving Corporation Star Bulk may not pay dividends." In particular, Star Bulk's ability to pay dividends is subject to its ability to satisfy certain financial covenants that may be contained in the credit facility that Star Bulk expects to enter into.

**STATEMENT OF FORECASTED RESULTS OF OPERATIONS AND CASH AVAILABLE  
FOR DIVIDENDS, RESERVES AND EXTRAORDINARY EXPENSES**

*All of the information set forth below is for illustrative purposes only. The underlying assumptions may prove to be incorrect. Actual results will almost certainly differ, and the variations may be material. The information set forth below has not been prepared in accordance with United States generally accepted accounting principles. Star Bulk may have materially lower revenues, set aside substantial reserves or incur a material amount of extraordinary expenses. You should not assume or conclude that we will pay any dividends in any period.*

Star Bulk does not as a matter of course make public projections as to future sales, earnings, or other results. However, the management of Star Bulk has prepared the prospective financial information set forth below to present the forecasted cash available for dividends, reserves, and extraordinary expenses during Star Bulk's first full operating quarter. The accompanying prospective financial information was not prepared to comply with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of Star Bulk's management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of Star Bulk. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this joint proxy/prospectus are cautioned not to place undue reliance on the prospective financial information.

Neither Star Bulk's independent registered public accounting firm, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

Star Bulk has prepared the forecasted financial information to present the cash that it expects to have available to it in the first full quarter after it completes the acquisition and delivery of the vessels in the initial fleet, which is referred to herein as Star Bulk's first full operating quarter, for:

dividends;

expenses and reserves for vessel upgrades, repairs and drydocking;

expenses and reserves for further vessel acquisitions;

principal payments on the new credit facility;

reserves required by lenders under Star Bulk's loan agreements; and

reserves as Star Bulk's board of directors may from time to time determine are required for contingent and other liabilities and general corporate purposes.

Star Bulk calls these items "dividends, reserves and extraordinary expenses."

You should not rely upon this prospective financial information as necessarily indicative of Star Bulk's future results. We caution you not to place undue reliance on this forecasted financial information. Neither our independent registered public accounting firm, nor any other independent accountants or financial advisors has compiled, examined or performed any procedures related to this prospective financial information, nor have they expressed any opinion or any form of assurance on that information or Star Bulk's ability to achieve it and assume no responsibility for, and disclaim any association with this prospective financial information.

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The actual results achieved during Star Bulk's first full operating quarter will vary from those set forth in the forecasted financial information, and those variations may be material. In addition, investors should not assume that the forecasted available cash for Star Bulk's first full operating quarter may be extrapolated to any other period. As disclosed under "Risk Factors," Star Bulk's business and operations are subject to substantial risks which increase the uncertainty inherent in the forecasted financial information. Many of the factors disclosed under "Risk Factors" could cause actual results to differ materially from those expressed in the forecasted financial information. The forecasted financial information assumes the successful implementation of Star Bulk's business strategy. No assurance can be given that Star Bulk's business strategy will be effective or that the benefits of Star Bulk's business strategy will be realized during its first full operating quarter, if ever.

The forecasted financial information should be read together with the information contained in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operation of Star Bulk Carriers Corp." and Star Bulk's financial statements contained herein.

Star Bulk intends to, but is not required to, pay quarterly dividends to the holders of its common shares, in February, May, August and November beginning in February 2008 with the payment of a partial dividend. The timing and amount of dividend payments will depend upon Star Bulk's earnings from the drybulk carriers in the initial fleet, financial condition, cash requirements and availability, Marshall Islands law affecting the payment of dividends and other factors discussed below. Star Bulk intends to declare these dividends in amounts equal to its available cash flow, which is equal to (x) the sum of Star Bulk's total revenues from vessel operations less (y) the sum of Star Bulk's total cash expenses and any reserves it sets aside each quarter. These reserves may cover among other things, acquisitions of additional vessels, principal payments on Star Bulk's credit facility, future drydocking costs, repairs, claims and other liabilities and obligations.

Based upon and subject to the assumptions and forecasts contained in this section, Star Bulk intends to pay a dividend, which it estimates will be in the amount of \$0.325 per common share, for its first full operating quarter. Star Bulk intends to pay a partial dividend in February 2008 which it estimates will be in an amount of \$0.325 per common share pro rated for the number of ownership days during the fourth quarter of 2007.

The following table contains information based on assumptions regarding the initial fleet and the charter rates earned by the vessels during the first full quarter of Star Bulk's operations. TMT has undertaken to procure the employment of six of the eight vessels in the initial fleet under time charters with first class charterers, subject to such minimum terms and aggregate targeted daily time charter hire rates and upon standard industry terms for employment of the vessels. If the aggregate target daily time charter hire rate is not achieved, TMT has agreed to pay Star Bulk the difference between the aggregate daily hire rate fixed by TMT for the vessels in the initial fleet under the time charters and the agreed aggregate minimum daily time charter hire rate.

As of the date of this joint proxy statement/prospectus, TMT has procured time charters with third party charterers for five of the eight vessels in the initial fleet in accordance with the terms of the Acquisition Agreements. Each time charter will be novated to the relevant Star Bulk vessel-owning subsidiary upon delivery of the relevant vessel. In addition, Star Gamma Inc., a wholly-owned subsidiary of Star Bulk, entered into time a charter agreement dated, February 23, 2007, with TMT for the *C Duckling* (to be renamed the *Star Gamma*). Star Iota Inc., a wholly-owned subsidiary of Star Bulk, entered into a time charter agreement, dated February 26, 2007, with TMT for the *Mommy Duckling* (to be renamed the *Star Iota*). The charter rates provided in the following table are based on these charters. However there can be no assurance that each of Star Bulk's charterers will fully perform under the respective charters or that Star Bulk will actually receive the amounts anticipated. As  
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result, there can be no assurance that the vessels in the initial fleet will earn daily charter rates during Star Bulk's first full quarter of operations that are equal to those provided in the table below.

Vessel Name(1)	Charter Rate (\$ per day)(2)	Charter Commissions(3)
<i>Star Alpha</i>	47,500	5.00%
<i>Star Beta(4)</i>	55,000	5.00%
<i>Star Gamma</i>	28,500	0.00%
<i>Star Delta</i>	25,800	5.00%
<i>Star Epsilon</i>	25,550	4.75%
<i>Star Zeta</i>	30,500	5.00%
<i>Star Theta</i>	32,500	5.00%
<i>Star Iota</i>	18,000	0.00%

- (1) Each vessel name is the new name Star Bulk will designate to the vessel following its delivery from the seller.
- (2) The charter rates do not reflect commissions payable to third party chartering brokers.
- (3) Represents Star Bulk's agreed upon charter commissions to third party chartering brokers.
- (4) The charter rate for the *Star Beta* represents Star Bulk's conservative estimate of the spot market rate for this vessel during its first full operating quarter.

We expect that Star Bulk's expenses during the first full operating quarter will consist of:

Estimated average vessel operating expenses for the fleet of \$4,850 per vessel per calendar day which includes management fees for all of the vessels payable to Star Bulk Management's technical manager.

Interest expense on Star Bulk's credit facility. Star Bulk has assumed that:

Star Bulk will have outstanding, during its first full operating quarter, an aggregate principal amount of \$40,000,000 under its credit facility; and

the interest rate on the credit facility, including margin, will be 6.50% representing current three-month LIBOR plus a margin of 0.80%.

General and administrative expenses including salaries payable to Star Bulk's officers and employees and directors' fees, office rent, travel, communications, insurance, legal, auditing and investor relations, professional expenses, which Star Bulk expects will equal \$875,000.

Star Bulk does not expect to incur ordinary cash expenses other than those listed above, which Star Bulk calls its ordinary cash expenses. Star Bulk may, however, have unanticipated extraordinary cash expenses, which could include major vessel repairs and drydocking costs that are not covered by its management agreements, vessel upgrades or modifications that are required by new laws or regulations, other capital improvements, costs of claims and related litigation expenses or contingent liabilities.

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For the first full operating quarter, Star Bulk expects to incur certain expenses in U.S. dollars. However, part of Star Bulk's general administrative expenses and salaries will be incurred in Euros. Moreover, unanticipated extraordinary cash expenses may be incurred in foreign currencies. This difference could lead to fluctuations in net income due to changes in the value of the U.S. dollar relative to the Euro and other currencies. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, which would result in a decrease in Star Bulk's net income.

The table below sets forth the amount of cash that would be available to Star Bulk for dividends, reserves and extraordinary expenses in the aggregate based on the assumptions listed below. This

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amount is not an estimate of the amounts Star Bulk expects to be available in later years, since some of its revenues and expenses may change in future years.

Star Bulk's assumptions for the first full operating quarter include the following:

Star Maritime stockholders approve and authorize the Redomiciliation Merger and no stockholders exercise redemption rights.

The aggregate purchase price of the vessels in the initial fleet is \$345,237,520.

Star Bulk will borrow \$40,000,000 under the credit facility to fund a portion of the cash consideration of the purchase price of the vessels in the initial fleet, fund working capital and pay certain expenses.

Daily operating expenses averaging \$4,850 per vessel.

Star Bulk has calculated the depreciation of its vessels on a straight-line basis over their estimated useful lives determined to be 25 years from the date of their initial delivery from the shipyard. Depreciation is based on cost of the vessel less the estimated residual scrap value. The residual values is estimated at \$200 per light-weight ton. Amortization comprises of costs associated with drydocking of Star Bulk's vessels. Star Bulk capitalizes the costs associated with drydockings as they occur and amortizes these costs on a straight line basis over the period between drydockings.

The currency exchange rate between the Euro and the U.S. dollar will remain at 1.30:1.00 U.S. dollars per Euro.

Star Bulk's first full operating quarter consists of 91.25 days and each of the vessels in the initial fleet will be owned by Star Bulk for 91.25 days.

Each of the vessels in the initial fleet upon delivery to Star Bulk will earn daily time charter revenue described in the table above for 89.425 days and Star Bulk's charterers will timely pay charter hire to it when due.

Star Bulk will not receive any insurance proceeds or other income.

Star Bulk will not sell any vessels and none of the vessels will suffer a total loss or constructive total loss or suffer any reduced hire or off-hire time.

Star Bulk will have no other cash expenses or liabilities other than its estimated ordinary cash expenses.

Star Bulk will remain in compliance with the terms of its credit facility that it expects to enter into.

Star Bulk will qualify for the exemption available under Section 883 under the Code and will therefore not pay any U.S. federal income taxes.

Star Bulk will not draw any further amounts under the credit facility.

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Other than management fees, interest expenses on Star Bulk's credit facility, directors' fees, and officers' and employees' salaries, which will be fixed for Star Bulk's first full operating quarter, none of Star Bulk's fees or expenses are fixed.

**Statement of Forecasted Results of Operations and Cash Available for  
Dividends, Reserves and Extraordinary Expenses during  
Star Bulk's First Full Operating Quarter  
(unaudited)**

	<b>First Full Operating Quarter</b>
	<b>(in thousands of U.S. dollars)</b>
<b>Gross Revenue</b>	\$ 23,550
Less: Commissions	(964)
<b>Net Revenue</b>	\$ 22,586
Less: Operating expenses	(3,541)
Less: General and administrative expenses	(875)
Less: Depreciation & Amortization	(8,090)
Less: Net interest expense	(650)
<b>Net Income</b>	\$ 9,430
Adjustments to reconcile net income to Estimated EBITDA:	
Add:	
Depreciation & Amortization	8,090
Interest expense	650
<b>ESTIMATED EBITDA(1)</b>	\$ 18,170
Adjustments to reconcile estimated EBITDA to estimated cash available for distribution:	
Less:	
Cash interest expense	650
Maintenance capital expenses	500
<b>Forecasted Cash Available for distribution</b>	\$ 17,020
Quarterly Distributions to:	
Dividends to publicly held common shares outstanding(2)	\$ 13,517
Forecasted excess cash available for distributions over the quarterly dividend	\$ 3,503

(1) EBITDA represents net income before interest, taxes, depreciation and amortization. EBITDA is not a recognized measure under U.S. GAAP, but is a measure that management believes is highly correlated to cash and useful for the purpose of reconciling expected cash earnings to cash available for distribution. Additionally, EBITDA will be used as a supplemental financing measure by management and by external users of our financial statements, such as investors, for the reasons discussed below.

*Financial and operating performance.* EBITDA will allow us to measure the financial and operating performance of our assets without regard to financing methods, capital structure or the accounting effects of capital expenditures and acquisitions. For instance, our net income will be affected by whether we finance assets or operations with debt or equity. Likewise, our net income will be affected by our assets' depreciation or amortization schedules. We anticipate that investors will use EBITDA as an indication of significant future operating cash inflows. By reviewing our earnings before the impact of interest, taxes, depreciation and amortization, we, our investors and others will be able to understand the performance of our assets and operations on a more comparable basis from period to period and against the performance of other companies in our industry.

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*Liquidity.* EBITDA will allow us to assess the ability of our assets to generate cash sufficient to service debt, make distributions to our unitholders and undertake capital expenditures.

EBITDA should not be considered an alternative to net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA excludes some, but not all, items that affect net income and operating income, and these measures may vary among other companies. Therefore, EBITDA as presented above may not be comparable to similarly titled measures of other companies.

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- (2) Represents 41,589,495 shares outstanding multiplied by the dividend of \$0.325 per share during the first operating quarter in accordance with the Dividend Policy of Star Bulk.

The table below illustrates the sensitivity of Star Bulk's Forecasted Available Cash during Star Bulk's First Full Operating Quarter to changes in daily operating expenses and vessel utilization rates, as expressed by the number of days that each vessel in the initial fleet will earn daily time charter revenue upon delivery to Star Bulk.

The table below sets forth Star Bulk's Forecasted Available Cash based on an assumed level of daily operating expenses ranging from an average of \$3,850 up to \$5,850 and utilization rates ranging from 96% (87.600 days) up to 100% (91.250 days) for the First Full Operating Quarter. As indicated below, Star Bulk's Forecasted Available Cash decreases as average daily operating expenses increase and as vessel utilization rate decreases.

### Forecasted Available Cash (in thousands)(1)

Daily Operating Expenses (average per vessel)	\$ 3,850	\$ 4,350	\$ 4,850	\$ 5,350	\$ 5,850
Utilization (days)					
100% (91.250)	\$ 18,212	\$ 17,847	\$ 17,482	\$ 17,117	\$ 16,752
99% (90.338)	\$ 17,981	\$ 17,616	\$ 17,251	\$ 16,886	\$ 16,521
98% (89.425)	\$ 17,751	\$ 17,386	\$ 17,020	\$ 16,656	\$ 16,291
97% (88.513)	\$ 17,520	\$ 17,155	\$ 16,790	\$ 16,425	\$ 16,060
96% (87.600)	\$ 17,290	\$ 16,925	\$ 16,560	\$ 16,195	\$ 15,830

- (1) Star Bulk cannot assure you that it will have available cash in the amounts presented above, or at all, or that the lenders under its credit facility will not place restrictions on the payment of dividends.

## CAPITALIZATION OF STAR MARITIME

The following table sets forth the capitalization of Star Maritime as of June 30, 2007:

on an actual basis;

on an as adjusted basis giving effect to (i) the issuance of 12,537,645 shares of common stock to TMT (as agent for its vessel-owning subsidiaries) equal to \$120,737,520 in respect of the stock consideration portion of the aggregate purchase price of the vessels in the initial fleet concurrently with the Redomiciliation Merger; (ii) the transaction costs of \$4,900,000; (iii) the incurrence of \$40,000,000 of indebtedness; (iv) no redemption of shares of \$64,679,990; and

on an as further adjusted basis after giving effect to (i) redemption of shares of \$64,679,990; (ii) payment of interest earned by the redeeming shareholders and (iii) drawdown of an additional \$68.0 million under the Company's credit facility of up to \$120.0 million to replace funds from the Trust Account paid to redeeming stockholders.

There have been no significant adjustments to Star Maritime's capitalization since June 30, 2007, as so adjusted. You should read this capitalization table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes appearing elsewhere in this joint proxy statement/prospectus.

	As of June 30, 2007		
	Actual	As Adjusted	As Further Adjusted
	(In thousands of U.S. dollars)		
<b>Debt:</b>			
Long term debt	\$	\$ 40,000 <sup>(a)</sup>	\$ 107,971 <sup>(i)</sup>
<b>Common Stock, \$0.0001 par value, 6,599,999 shares subject to possible redemption, at redemption value of \$9.80 per share</b>			
	64,680		
<b>Stockholders' equity:</b>			
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized, none issued			
Common Stock, \$0.0001 par value, 100,000,000 shares authorized; 29,026,924 shares issued and outstanding (including 6,599,999 shares subject to possible redemption)			
	3	5 <sup>(b)</sup>	4 <sup>(f)(h)</sup>
Additional paid-in capital	120,442	353,633 <sup>(b)(c)(d)</sup>	288,954 <sup>(f)</sup>
Earnings accumulated in the development stage	3,942	7,233 <sup>(e)</sup>	3,942 <sup>(g)</sup>
<b>Total stockholders' equity</b>	<b>124,387</b>	<b>360,871</b>	<b>292,900</b>
<b>Total capitalization</b>	<b>\$ 189,067</b>	<b>\$ 400,871</b>	<b>\$ 400,871</b>

Descriptions of the adjustments included in the unaudited capitalization table are as follows:

(a)

Reflects the drawdown of the loan of \$40,000,000 under the credit facility described as "Acquisition Financing". Star Bulk has received indication letters from international shipping lenders that will, subject to the approval of the Agreement and Plan of Merger, provide Star Bulk with a credit facility of up to \$120,000,000 with an eight-year term and secured by five of



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the eight drybulk carriers that Star Bulk has agreed to acquire from TMT. Star Bulk intends to draw down \$40,000,000 under the credit facility on the effective date of the Redomiciliation Merger to fund a portion of the cash consideration of the aggregate purchase price of in the initial fleet. The remaining funds under the credit facility may be used to replace funds from

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our Trust Account used to pay costs relating to the redemption of Star Maritime stockholders who vote against the Redomiciliation Merger and elect to redeem their shares. Any excess un-drawn funds under the credit facility may be used for additional vessel acquisitions and to provide working capital.

- (b) Reflects the acquisition of eight drybulk carriers from certain subsidiaries of TMT for an aggregate estimated purchase price of \$397.9 million consisting of \$224.5 million payable in cash and \$173.4 million payable in 14,144,607 common shares of Star Bulk. For accounting purposes, the stock consideration will be measured based on fair market value of the shares at the time the vessels are delivered. In estimating the value of the shares included in the aggregate purchase price, we utilized the closing price of \$12.26 as of June 29, 2007 of the common stock of Star Maritime.
- (c) In conjunction with the Redomiciliation Merger, all non-redeemed common stock forfeits redemption rights.
- (d) To record transaction costs comprised of: advisor fees of \$2.8 million, legal fees of \$1.1 million, \$0.7 million in accounting fees and other fees of \$0.3 million.
- (e) To record interest on Trust Account previously deferred.
- (f) Reflects the redemption of 32.99% of Star Maritime shares of common stock issued in the Company's initial public offering ("IPO shares"), at December 31, 2006 redemption value of \$9.80 per share. The number of shares assumed redeemed, 6,599,999, is based on 32.99% of the IPO shares outstanding prior to the Redomiciliation Merger and represents the maximum number of shares that may be redeemed without precluding the consummation of the Redomiciliation Merger.
- (g) To reflect the payment of interest earned by the redeeming shareholders.
- (h) Reflects the 200,000 common shares certain of our officers and directors have agreed to surrender for the cancellation upon the consummation of a business combination in the event public shareholders exercise their right to have Star Maritime redeem their shares for cash.
- (i) Drawdown of an additional \$68.0 million under the Company's credit facility of up to \$120 million to replace funds from the Trust Account used for the payment of redemption value and deferred interest to investors.

**RELATED PARTY TRANSACTIONS**

On May 17, 2005, Star Maritime issued an aggregate of 9,026,924 shares of Star Maritime's common stock in a private transaction to the individuals set forth below for \$25,000 in cash, at a purchase price of \$0.003 per share, as follows:

<b>Name</b>	<b>Number of Shares</b>	<b>Relationship to Star Maritime</b>
Prokopios (Akis) Tsirigakis	8,915,712	Chairman of the Board, Chief Executive Officer and President
George Syllantavos	22,387	Chief Financial Officer and Director
Christo Anagnostou	10,832	Vice President of Operations
Niko Nikiforos	10,832	Vice President of Business Development
Petros Pappas	22,387	Director
Koert Erhardt	22,387	Director
Tom Søfteland	22,387	Director

On June 6, 2005, Mr. Tsirigakis transferred in a private transaction an aggregate of 3,228,750 of his shares for \$0.003 per share to the other officers and directors named above as follows:

<b>Name</b>	<b>Number of Shares</b>
Christo Anagnostou	169,706
Niko Nikiforos	169,706
Petros Pappas	699,768
Koert Erhardt	428,959
Tom Søfteland	428,959

On October 19, 2005, Mr. Tsirigakis transferred in a private transaction an additional 2,029,570 shares and Messrs. Anagnostou, Nikiforos, Erhardt and Søfteland transferred an aggregate of 596,148 of the June 6, 2005 shares to Mr. Pappas.

The holders of the majority of these shares are entitled to make up to two demands that Star Maritime register these shares under the Securities Act of 1933, as amended, or the Securities Act. The holders of the majority of these shares may elect to exercise these registration rights at any time after the date on which these shares of common stock are released from escrow, which, except in limited circumstances, is not before December 15, 2008. In addition, these stockholders have certain piggyback registration rights on registration statements filed subsequent to the date on which these shares of common stock are released from escrow. Star Maritime, and if the Redomiciliation Merger is approved, Star Bulk, as the successor to Star Maritime, will bear the expenses incurred in connection with the filing of any such registration statements.

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On December 15, 2005, Star Maritime issued an aggregate of 1,132,500 units, including shares of common stock and warrants to purchase common stock in a private placement to the individuals set forth below for \$11,325,000 in cash, at a purchase price of \$10.00 per unit, as follows:

Name	Number of Units	Relationship to Star Maritime
Prokopios (Akis) Tsirigakis	350,000	Chairman of the Board, Chief Executive Officer and President
George Syllantavos	132,500	Chief Financial Officer and Director
Petros Pappas	600,000	Director
Koert Erhardt	50,000	Director

Star Maritime has granted the holders of such units demand and piggyback registration rights with respect to the 1,132,500 shares, the 1,132,500 warrants and the 1,132,500 shares underlying the warrants at any time commencing on the date Star Maritime publicly announces that it has entered into a letter of intent with respect to a proposed a business combination. Star Maritime announced Star Bulk's entry into the Acquisition Agreements on January 17, 2007. The demand registration may be exercised by the holders of a majority of such units. In addition, Star Maritime has granted the holders of such units certain piggy back registration rights commencing at the time that Star Maritime consummates its initial business combination with a target business. Star Maritime, and if the Redomiciliation Merger is approved, Star Bulk, as the successor to Star Maritime, will bear the expenses incurred in connection with the filing of any such registration statements.

The table below outlines the number of shares, number of units and total number of shares, including shares in the units, held by our officers and directors on December 15, 2005.

Name	Number of Shares	Number of Units	Total Shares	Relationship to Star Maritime
Prokopios (Akis) Tsirigakis	3,657,392	350,000	4,007,392	Chairman of the Board, Chief Executive Officer and President
George Syllantavos	1,354,039	132,500	1,486,539	Chief Financial Officer and Director
Christo Anagnostou	116,108		116,108	Vice President of Operations
Niko Nikiforos	116,108		116,108	Vice President of Business Development
Petros Pappas	3,347,873	600,000	3,947,873	Director
Koert Erhardt	290,269	50,000	340,269	Director
Tom Søfteland	145,135		145,135	Director

Mr. Tsirigakis advanced a total of \$590,000 at an interest rate of 4% per annum to us on May 17, May 26 and December 15, 2005 to cover expenses related to our initial public offering. Star Maritime repaid these loans with interest upon completion of the offering.

Under the Master Agreement, Star Bulk has agreed, with some limited exceptions, to include the shares of Star Bulk's common stock comprising the stock consideration portion of the aggregate purchase price and the Additional Stock, which we collectively refer to as the Registrable Securities, in Star Bulk's registration statement of which this joint proxy statement/prospectus is a part. In addition, Star Bulk has granted TMT (on behalf of itself or its affiliates that hold Registrable Securities) the

right, under certain definitive, pre-determined circumstances and subject to certain restrictions, including lock-up and market stand-off restrictions, to require Star Bulk to in the future register the Registrable Securities under the Securities Act. Under the Master Agreement, TMT also has the right to require Star Bulk to make available shelf registration statements permitting sales of shares into the market from time to time over an extended period. In addition, TMT will have the ability to exercise certain piggyback registration rights, 180 days following the effective date of the Redomiciliation Merger. All expenses relating to such registration will be borne by Star Bulk. Following the Redomiciliation Merger, TMT and/or its affiliates will own 12,537,645 shares of Star Bulk's common stock entitled to these registration rights and Star Bulk has agreed to issue to TMT and/or its affiliates an additional 1,606,962 shares of Star Bulk's common stock in two installments, entitled to these registration rights.

Star Maritime has used the services of Combine Marine S.A. to conduct certain vessel inspection services for the vessels in the initial fleet. Under an agreement dated May 4, 2007 Star Bulk appointed Combine Marine Inc. or Combine, a company affiliated with our Chief Executive Officer, Mr. Tsirigakis and our directors Messrs. Pappas and Anagnostou as interim manager of the vessels in the initial fleet. Given the start-up nature of Star Bulk, under the agreement, Combine will provide technical management and associated services to the vessels so as to effect the smooth delivery and operation of the vessels to Star Bulk. Such services will be provided at a lump-sum fee of \$10,000 per vessel for services leading up to and including taking delivery of each vessel and at a daily fee of \$450 per vessel from the delivery of each vessel to Star Bulk onwards during the term of the agreement. Combine is entitled to be reimbursed at cost by Star Bulk for any and all expenses incurred by them in the management of the vessels but shall provide Star Bulk the full benefit of all discounts and rebates enjoyed by them. The term of the agreement is for one (1) year from the date of delivery of each vessel. Either party may terminate the agreement upon thirty days' notice.

Oceanbulk Maritime, S.A., a related party, has paid for certain expenses on behalf of Star Maritime's director. Mr. Petros Pappas is Honorary Chairman of Oceanbulk Maritime S.A. Star Maritime's Chairman, President and Chief Executive Officer, Mr Prokopios (Akis) Tsirigakis as well as its officer Mr. Christo Anagnostou are employees of Oceanbulk Maritime S.A. As of June 30, 2007 Star Maritime owed approximately \$161,000 to Oceanbulk Maritime S.A., for reimbursements of vessel inspection expenses incurred by Oceanbulk Maritime S.A. on behalf of Star Maritime as well as for certain support services including legal and office support provided by Oceanbulk Maritime S.A. to Star Maritime.

Star Gamma Inc., a wholly-owned subsidiary of Star Bulk, entered into time a charter agreement dated, February 23, 2007, with TMT for the *C Duckling* (to be renamed the *Star Gamma*). Star Iota Inc., a wholly-owned subsidiary of Star Bulk, entered into time charter agreement, dated February 26, 2007, with TMT for the *Mommy Duckling* (to be renamed the *Star Iota*). Both time charters have a duration of one year and daily charterhire rates of \$28,500 and \$18,000 respectively. Effective as of the Redomiciliation Merger, Mr. Nobu Su and Mr. Peter Espig of TMT will serve on Star Bulk's board of directors.

All ongoing and future transactions between Star Bulk and any of its officers and directors or their respective affiliates, including loans by Star Bulk's officers and directors, if any, will be on terms believed by Star Bulk to be no less favorable than are available from unaffiliated third parties, and such transactions or loans, including any forgiveness of loans, will require prior approval, in each instance by a majority of Star Bulk's uninterested "independent" directors or the members of Star Bulk's board who do not have an interest in the transaction, in either case who had access, at Star Bulk's expense, to its attorneys or independent legal counsel.

## DESCRIPTION OF STAR MARITIME SECURITIES

Given below is a summary of the material features of Star Maritime's securities. This summary is not a complete discussion of the certificate of incorporation and bylaws of Star Maritime that create the rights of its stockholders. You are urged to read carefully this joint proxy statement/prospectus. We also refer you to the certificate of incorporation and bylaws, which have been filed as exhibits to SEC reports filed by Star Maritime. Please see "Where You Can Find Additional Information."

### General

Star Maritime is authorized to issue 100,000,000 shares of common stock, par value \$0.0001, and 1,000,000 shares of preferred stock, par value \$0.0001. As of the date of this joint proxy statement/prospectus, 29,026,924 shares of common stock are outstanding, held by nine record holders. No shares of preferred stock are currently outstanding.

### Common stock

Star Maritime stockholders are entitled to one vote for each share held of record on all matters to be voted on by stockholders. In connection with the vote required for the Redomiciliation Merger, Messrs. Tsirigakis and Syllantavos, our senior executive officers, and Messrs. Pappas and Erhardt, two of our directors, have agreed to vote an aggregate of 1,132,500 shares of Star Maritime common stock acquired by them in the private placement and any shares of Star Maritime common stock they may acquire in the future in favor of the Redomiciliation Merger and thereby waive redemption rights with respect to such shares. Star Maritime's officers and directors intend to consider the following factors in determining whether to make future purchases of Star Maritime common stock: (i) the trading price of our common stock, (ii) their aggregate investment in our securities, (iii) whether it appears that a substantial number of public stockholders are voting against the proposed Redomiciliation Merger and Asset Acquisition, and (iv) their post-transaction interest in Star Bulk and its business. Because any shares of our common stock acquired by our officers and directors in the aftermarket will be voted in favor of the Redomiciliation Merger and the Asset Acquisition, any such purchases could influence the result of the vote of our shareholders with respect to the Redomiciliation Merger and Asset Acquisition by making it more likely that the Redomiciliation Merger and Asset Acquisition would be approved. In addition, given the interest that our officers and directors have in the Redomiciliation Merger and Asset Acquisition being consummated, it is possible that our officers and directors will acquire securities from public stockholders who have elected to redeem their shares of our common stock in order to change their vote and insure that the Redomiciliation Merger and Asset Acquisition will be approved (which could result in the Redomiciliation Merger and Asset Acquisition being approved even if 33% or more of our public stockholders would have elected to exercise their redemption rights, or 51% of our public stockholders would have voted against the Redomiciliation Merger and Asset Acquisition, but for the purchases made by our officers and directors). Since the private placement on December 15, 2005, Star Maritime's officers and directors have not purchased additional shares of common stock and do not intend to purchase additional shares of common stock prior to the Redomiciliation Merger.

All of Star Maritime's officers and directors have agreed to vote an aggregate of 9,026,924 shares of Star Maritime common stock issued to them prior to our initial public offering in accordance with the vote of the holders of a majority of the shares issued in our initial public offering. Additionally, our officers and directors will vote all of their shares in any manner they determine, in their sole discretion, with respect to any other items that come before a vote of our stockholders.

Our board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting

with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors.

If Star Maritime is forced to liquidate prior to a business combination, our public stockholders are entitled to share ratably in the Trust Account, inclusive of any interest (net of taxes payable), and any net assets remaining available for distribution to them after payment of liabilities. Our officers and directors have agreed to waive their rights to share in any distribution with respect to common stock owned by them if we are forced to liquidate.

Our stockholders have no redemption, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock, except that public stockholders have the right to have their shares of common stock redeemed for cash equal to their pro rata share of the trust account if they vote against the Redomiciliation Merger, elect to exercise redemption rights and the Redomiciliation Merger is approved and completed. A stockholder who exercises redemption rights will continue to own any warrants to acquire Star Maritime common stock owned by such stockholder as such warrants will remain outstanding and unaffected by the exercise of redemption rights.

There are no limitations on the right of non-residents of Delaware to hold or vote Star Maritime's common shares.

#### **Preferred stock**

Star Maritime's certificate of incorporation authorizes the issuance of 1,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by our board of directors. Accordingly, our board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of common stock, although the underwriting agreement entered into in connection with our initial public offering prohibits us, prior to a business combination, from issuing preferred stock which participates in any manner in the proceeds of the Trust Account, or which votes as a class with the common stock on a business combination. The preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of us.

#### **Warrants**

We have 20,000,000 warrants issued and outstanding. Each warrant entitles the registered holder to purchase one share of our common stock at a price of \$8.00 per share, subject to adjustment as discussed below, at any time commencing on the completion of a business combination. Following the effectiveness of the Redomiciliation Merger, our warrants will become exercisable. The warrants will expire on December 16, 2009 at 5:00 p.m., New York City time.

We may call the warrants for redemption

in whole and not in part;

at a price of \$0.01 per warrant at any time after the warrants become exercisable;

upon not less than 30 days' prior written notice of redemption to each warrant holder; and

if, and only if, the reported last sale price of the common stock equals or exceeds \$14.25 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders.

We have established this criteria to provide warrant holders with a reasonable premium to the initial warrant exercise price as well as a reasonable cushion against a negative market reaction, if any,

to our redemption call. If the foregoing conditions are satisfied and we call the warrants for redemption, each warrant holder shall then be entitled to exercise his or her warrant prior to the date scheduled for redemption, however, there can be no assurance that the price of the common stock will exceed the call trigger price or the warrant exercise price after the redemption call is made.

The warrants are issued in registered form under a warrant agreement between American Stock Transfer & Trust Company, as warrant agent, and us. You should review a copy of the warrant agreement, which has been filed as an exhibit to SEC reports filed by of Star Maritime, for a complete description of the terms and conditions applicable to the warrants.

The exercise price and number of shares of common stock issuable on exercise of the warrants may be adjusted in certain definitive, pre-determined circumstances including in the event of a stock dividend, or our recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of common stock at a price below their exercise price.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No warrants will be exercisable unless at the time of exercise a prospectus relating to common stock issuable upon exercise of the warrants is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement, we have agreed to meet these conditions and use our best efforts to maintain a current prospectus relating to common stock issuable upon exercise of the warrants until the expiration of the warrants. However, we cannot assure you that we will be able to do so. The warrants may be deprived of any value and the market for the warrants may be limited if the prospectus relating to the common stock issuable upon the exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round up to the nearest whole number the number of shares of common stock to be issued to the warrant holder.

#### **Dividends**

We are a blank check company and therefore we have not paid any dividends on our common stock. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board does not anticipate declaring any dividends in the foreseeable future, if the Redomiciliation Merger is not approved. Please read "Dividend Policy of Star Bulk."

#### **Transfer agent and warrant agent**

The transfer agent for our securities and warrant agent for our warrants is American Stock Transfer & Trust Company, 59 Maiden Lane, New York, New York 10038.



## DESCRIPTION OF STAR BULK SECURITIES

Star Maritime stockholders who receive shares of Star Bulk in the merger will become shareholders of Star Bulk. Star Bulk is a corporation organized under the laws of the Republic of the Marshall Islands and is subject to the provisions of Marshall Islands law. Given below is a summary of the material features of Star Bulk's securities. This summary is not a complete discussion of the articles of incorporation and bylaws of Star Bulk that create the rights of its shareholders. You are urged to read carefully the articles of incorporation and bylaws of Star Bulk which have been filed as exhibits to Star Bulk's registration statement on Form F-1/F-4. Please see "Where You Can Find Additional Information."

### General

Star Bulk is authorized to issue 100,000,000 shares of common stock, par value \$0.01, and 25,000,000 shares of preferred stock, par value \$0.01. As of the date of this joint proxy statement/prospectus, 500 shares of common stock are outstanding. No shares of preferred stock are currently outstanding.

### Common Stock

Upon consummation of the Redomiciliation Merger, Star Bulk will have outstanding 41,564,569 shares of common stock, assuming that no stockholders vote against the Redomiciliation Merger and exercise redemption rights. In addition, Star Bulk will have 20,000,000 shares of common stock reserved for issuance upon the exercise of the warrants. Star Bulk has agreed to issue an additional 1,606,962 shares of common stock to TMT in two installments. See "Acquisition Agreements Purchase Price."

Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock are entitled to receive ratably all dividends, if any, declared by Star Bulk's board of directors out of funds legally available for dividends. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of Star Bulk's securities. All outstanding shares of common stock are, and the shares to be issued in the Redomiciliation Merger when issued will be, fully paid and non-assessable. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any shares of preferred stock which Star Bulk may issue in the future.

There are no limitations on the right of non-residents of Republic of the Marshall Islands to hold or vote Star Bulk's common shares.

### Preferred Stock

As of the date of this joint proxy statement/prospectus, Star Bulk is authorized to issue up to 25,000,000 shares of blank check preferred stock. The rights, designations and preferences of the preferred stock can be determined, and the shares can be issued, upon the authority of Star Bulk's board of directors, without any further vote or action by Star Bulk's shareholders.

### Warrants

Upon consummation of the Redomiciliation Merger, each outstanding Star Maritime warrant will be assumed by Star Bulk with the same terms and restrictions except that each will be exercisable for common stock of Star Bulk. For a description of the terms and restrictions, please read "Description of Star Maritime Securities Warrants."

## COMPARISON OF STAR MARITIME AND STAR BULK STOCKHOLDER RIGHTS

In the Redomiciliation Merger, each share of Star Maritime common stock, par value \$0.0001 per share, will be converted into the right to receive a share of Star Bulk common stock, par value \$0.01 per share, and each warrant to purchase shares of Star Maritime will be assumed by Star Bulk and will contain the same terms and provisions except that each will be exercisable for shares of Star Bulk. Star Maritime is a Delaware corporation. The rights of its stockholders derive from Star Maritime's certificate of incorporation and bylaws and from the Delaware General Corporation Law, or DGCL. Star Bulk is a Marshall Islands corporation. The rights of its shareholders derive from Star Bulk's articles of incorporation and bylaws and from the BCA.

The following is a comparison setting forth the material differences of the rights of Star Maritime stockholders and Star Bulk stockholders. Certain significant differences in the rights of Star Maritime stockholders and those of Star Bulk shareholders arise from differing provisions of Star Maritime's and Star Bulk's respective governing corporate instruments. The following summary does not purport to be a complete statement of the provisions affecting, and differences between, the rights of Star Maritime stockholders and those of Star Bulk stockholders. This summary is qualified in its entirety by reference to the DGCL and the BCA and to the respective governing corporate instruments of Star Maritime and Star Bulk, to which stockholders are referred.

### Objects and Purposes

**Star Maritime.** The purposes and powers of Star Maritime are set forth in the third paragraph of Star Maritime's Certificate of Incorporation. These purposes include any lawful act or activity for which corporations may be organized under the DGCL.

**Star Bulk.** The purposes and powers of Star Bulk are set forth in paragraph B of Star Bulk's Articles of Incorporation. These purposes include to engage in any lawful act or activity for which corporations may now or hereafter be organized under the BCA.

### Authorized Capital Stock

**Star Maritime.** Star Maritime is authorized to issue 100,000,000 shares of common stock, par value \$0.0001, and 1,000,000 shares of preferred stock, par value \$0.0001. As of the date of joint proxy statement/prospectus, 29,026,924 shares of common stock are outstanding and there are nine record holders. No shares of preferred stock are currently outstanding.

**Star Bulk.** Star Bulk is authorized to issue 100,000,000 shares of common stock, par value \$0.01, and 25,000,000 shares of preferred stock, par value \$0.01. As of the date of this joint proxy statement/prospectus, 500 shares of common stock are outstanding. No shares of preferred stock are currently outstanding.

### Board of Directors

**Star Maritime.** Under the DGCL, the certificate of incorporation, an initial bylaw or a bylaw adopted by the stockholders of a Delaware corporation may create a classified board with staggered terms. A maximum of three classes of directors is allowed with members of one class elected each year for a maximum term of three years. There is no statutory requirement as to the number of directors in each class or that the number in each class be equal.

Star Maritime's bylaws provide that its board of directors shall consist of not less than one nor more than nine members as designated from time to time by resolution of the board. Star Maritime's board of directors currently has five members. Directors are elected by the affirmative vote of a majority of the shares represented at the annual meeting of stockholders. Star Maritime's board of

directors is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term.

Star Maritime's certificate of incorporation and bylaws do not provide for cumulative voting for the election of directors. If any vacancy occurs in the membership of the board of directors, it may be filled by a vote of the majority of the remaining directors then in office although less than a quorum, or by a sole remaining director and each director so chosen shall hold office until the next annual meeting and until such director's successor shall be duly elected and shall qualify, or until such director's earlier resignation, removal from office, death or incapacity.

**Star Bulk.** The board of directors of Star Bulk is divided into three classes that are as nearly equal in number as possible. Class A Directors initially serve until the 2008 annual meeting of shareholders, Class B Directors initially serve until the 2009 annual meeting of shareholders, and Class C Directors initially serve until the 2010 annual meeting of shareholders. At each annual meeting of shareholders after the foregoing initial terms, the directors of each class are elected for terms of three years.

Pursuant to its bylaws, the board of directors of Star Bulk may, in the absence of an independent quorum, from time to time, in its discretion, fix amounts which shall be payable to members of the board of directors for attendance at the meetings of the Board or committee thereof and for services rendered to Star Bulk.

#### **Special Meetings of Stockholders**

**Star Maritime.** Star Maritime's bylaws provide that a special meeting of stockholders may be called by a majority of the entire board of directors, or the Chief Executive Officer, and shall be called by the Secretary at the request in writing of stockholders holding not less than a majority of all of the outstanding stock of Star Maritime entitled to vote at such meeting.

**Star Bulk.** A special meeting of Star Bulk's shareholders may be called at any time by the Board, jointly by the Co-Chairmen or the President. No other person is permitted to call a special meeting of Star Bulk's shareholders.

#### **Mergers, Share Exchanges and Sales of Assets**

**Star Maritime.** The DGCL generally requires a majority vote of the outstanding shares of the corporation entitled to vote to effectuate a merger. The certificate of incorporation of a Delaware corporation may provide for a greater vote. In addition, the vote of stockholders of the surviving corporation on a plan of merger is not required under certain definitive, pre-determined circumstances.

Star Maritime's certificate of incorporation provides that, in connection with a business combination, such as a merger, each outstanding share of common stock shall be entitled to one vote per share of common stock. A majority vote of Star Maritime's outstanding common stock is required for the approval of a business combination.

**Star Bulk.** The BCA provides that a merger in which the Marshall Islands corporation is not the surviving corporation requires the affirmative vote of the holders of at least a majority of the outstanding shares of capital stock of the Marshall Islands corporation entitled to vote thereon. The BCA further provides that a sale, lease, exchange or other disposition of all or substantially all the assets of the Marshall Islands corporation, if not made in the usual or regular course of the business actually conducted by such Marshall Islands corporation, requires the affirmative vote of the holders of at least  $66\frac{2}{3}\%$  of the outstanding shares of capital stock of the Marshall Islands corporation entitled to vote thereon, unless any class of shares is entitled to vote thereon as a class, in which event such authorization shall require the affirmative vote of the holders of a majority of the shares of each class of shares entitled to vote as a class thereon and of the total shares entitled to vote thereon.

## Anti-takeover Provisions

**Star Maritime.** Several provisions of Star Maritime's certificate of incorporation and bylaws may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen Star Maritime's vulnerability to a hostile change of control and enhance the ability of the board of directors to maximize stockholder value in connection with any unsolicited offer to acquire Star Maritime. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (1) the merger or acquisition of Star Maritime by means of a tender offer, a proxy contest or otherwise, that a stockholder may consider in its best interest and (2) the removal of incumbent officers and directors.

Star Maritime's certificate of incorporation authorizes the issuance of 1,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by our board of directors. Star Maritime's board of directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a change of control of its company or the removal of its management.

Star Maritime's certificate of incorporation provides for a board of directors serving staggered, three-year terms. Star Maritime's board of directors currently has five members. The classified board provision could discourage a third party from making a tender offer for Star Maritime's shares or attempting to obtain control of the company. It could also delay stockholders who do not agree with the policies of the board of directors from removing a majority of the board of directors for up to three years.

Star Maritime's certificate of incorporation and bylaws prohibit cumulative voting in the election of directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Star Maritime's bylaws provide that a special meeting of stockholders may be called by a majority of the entire board of directors, or the Chief Executive Officer, and shall be called by the Secretary at the request in writing of stockholders holding not less than a majority of all of the outstanding stock of Star Maritime entitled to vote at such meeting. These provisions could prevent shareholders representing less than a majority of the outstanding stock of Star Maritime from forcing the board of directors to call a special meeting which could discourage, delay or prevent a change of control of the company or the removal of management.

The DGCL contains provisions which prohibit corporations from engaging in a business combination with an interested shareholder for a period of three years after the date of the transaction in which the person became an interested shareholder, unless: (1) prior to the date of the transaction that resulted in a shareholder becoming an interested shareholder, the board of directors approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder; (2) upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or (3) at or subsequent to the date of the transaction that resulted in the shareholder becoming an interested shareholder, the business combination is approved by the board of directors and authorized at an annual or special meeting of shareholders by the affirmative vote of at least  $66\frac{2}{3}\%$  of the outstanding voting stock that is not owned by the interested shareholder.

For purposes of these provisions, a "business combination" includes mergers, consolidations, exchanges, asset sales, leases and other transactions resulting in a financial benefit to the interested shareholder and an "interested shareholder" is any person or entity that beneficially owns 20% or more of our outstanding voting stock and any person or entity affiliated with or controlling or controlled by that person or entity.

**Star Bulk.** Several provisions of Star Bulk's articles of incorporation and bylaws may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen Star Bulk's vulnerability to a hostile change of control and enhance the ability of the board of directors to maximize stockholder value in connection with any unsolicited offer to acquire Star Bulk. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (1) the merger or acquisition of Star Bulk by means of a tender offer, a proxy contest or otherwise, that a stockholder may consider in its best interest and (2) the removal of incumbent officers and directors.

Star Bulk's articles of incorporation authorizes the issuance of 25,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by our board of directors. Star Bulk's board of directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a change of control of the company or the removal of management.

Star Bulk's articles of incorporation provides for a board of directors serving staggered, three-year terms. The classified board provision could discourage a third party from making a tender offer for Star Bulk's shares or attempting to obtain control of the company. It could also delay stockholders who do not agree with the policies of the board of directors from removing a majority of the board of directors for up to three years.

Star Bulk's articles of incorporation and bylaws prohibit cumulative voting in the election of directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

A special meeting of Star Bulk's shareholders may be called at any time by the board, jointly by the Co-Chairmen or the President. No other person is permitted to call a special meeting of Star Bulk's shareholders. These provisions prevent shareholders of Star Bulk from forcing the board of directors to call a special meeting which could discourage, delay or prevent a change of control of the company or the removal of management.

Although the BCA does not contain specific provisions regarding "business combinations" between corporations organized under the laws of the Republic of Marshall Islands and "interested shareholders," Star Bulk has included these provisions in its articles of incorporation. Star Bulk's articles of incorporation contain provisions which prohibit Star Bulk from engaging in a business combination with an interested shareholder for a period of three years after the date of the transaction in which the person became an interested shareholder, unless:

prior to the date of the transaction that resulted in the shareholder becoming an interested shareholder, Star Bulk's board of directors approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder;

upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced;

at or subsequent to the date of the transaction that resulted in the shareholder becoming an interested shareholder, the business combination is approved by the board of directors and authorized at an annual or special meeting of shareholders by the affirmative vote of at least 70% of the outstanding voting stock that is not owned by the interested shareholder; or

the shareholder became an interested shareholder prior to the consummation of the initial public offering.

For purposes of these provisions, a "business combination" includes mergers, consolidations, exchanges, asset sales, leases and other transactions resulting in a financial benefit to the interested

shareholder and an "interested shareholder" is any person or entity that beneficially owns 20% or more of Star Bulk's outstanding voting stock and any person or entity affiliated with or controlling or controlled by that person or entity. Further, the term "business combination", when used in reference to Star Bulk and any interested "shareholder" does not include any transactions for which definitive agreements were entered into prior to the date the articles were filed with the Registrar of Corporations of the Republic of the Marshall Islands.

Star Bulk's articles of incorporation prohibit cumulative voting in the election of directors. Star Bulk's bylaws require parties other than the board of directors to give advance written notice of nominations for the election of directors. Star Bulk's articles of incorporation and bylaws also provide that Star Bulk's directors may be removed only for cause and only upon the affirmative vote of the holders of 70% or more of the outstanding shares of its capital stock entitled to vote generally in the election of directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Star Bulk's bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder's notice must be received at Star Bulk's principal executive offices not less than 120 days nor more than 180 days prior to the anniversary date of the immediately preceding annual meeting of shareholders. Star Bulk's bylaws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede a shareholder's ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

### **Supermajority Provisions**

The BCA generally provides that the affirmative vote of a majority of the outstanding shares entitled to vote at a meeting of shareholders is required to amend a corporation's articles of incorporation, unless the articles of incorporation requires a greater percentage. Star Bulk's articles of incorporation provide that the following provisions in the articles of incorporation may be amended only by an affirmative vote of 70% or more of the outstanding shares of Star Bulk's capital stock entitled to vote generally in the election of directors:

the board of directors shall be divided into three classes;

directors may only be removed for cause and by an affirmative vote of the holders of 70% or more of the outstanding shares of Star Bulk's capital stock entitled to vote generally in the election of directors;

the directors are authorized to make, alter, amend, change or repeal the bylaws by vote not less than  $66\frac{2}{3}\%$  of the entire board of directors;

the shareholders are authorized to alter, amend or repeal our bylaws by an affirmative vote of 70% or more of the outstanding shares of Star Bulk's capital stock entitled to vote generally in the election of directors; and

the company may not engage in any business combination with any interested shareholder for a period of three years following the transaction in which the person became an interested shareholder.

### **Transfer Agent**

The registrar and transfer agent for Star Bulk common stock and warrant agent for warrants exercisable for shares of Star Bulk is American Stock Transfer & Trust Company, 59 Maiden Lane, New York, New York 10038.

## Listing

Star Maritime's common stock and warrants currently trade on the American Stock Exchange under the symbols "SEA" and "SEA.WS", respectively. Star Bulk has applied to list its common shares and warrants on the Nasdaq Global Market under the symbols "SBLK" and "SBLKW", respectively.

## Dividends

**Star Maritime.** The DGCL allows the board of directors of a Delaware corporation to authorize a corporation to declare and pay dividends and other distributions to its stockholders, subject to any restrictions contained in the certificate of incorporation, either out of surplus, or, if there is no surplus, out of net profits for the current or preceding fiscal year in which the dividend is declared. However, a distribution out of net profits is not permitted if a corporation's capital is less than the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, until the deficiency has been repaired.

**Star Bulk.** Marshall Islands law generally prohibits the payment of dividends if the company is insolvent or would be rendered insolvent upon the payment of such dividends and dividends may be declared and paid out of surplus only; but in the case there is no surplus, dividends may be declared or paid out of net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year. Declaration and payment of any dividend is subject to the discretion of Star Bulk's board of directors. The timing and amount of dividend payments will be dependent upon Star Bulk's earnings, financial condition, cash requirements and availability, restrictions in Star Bulk's loan agreements, the provisions of Marshall Islands law affecting the payment of distributions to shareholders and other factors. The payment of dividends is not guaranteed or assured, and may be discontinued at any time at the discretion of Star Bulk's board of directors. Because Star Bulk is a holding company with no material assets other than the stock of its subsidiaries, Star Bulk's ability to pay dividends will depend on the earnings and cash flow of its subsidiaries and their ability to pay dividends to Star Bulk. If there is a substantial decline in the drybulk charter market, Star Bulk's earnings would be negatively affected, thus limiting its ability to pay dividends.

## Indemnification of Directors and Officers and Limitation of Liability

**Star Maritime.** The DGCL classifies indemnification as either mandatory indemnification or permissive indemnification. A Delaware corporation is required to indemnify an agent against expenses actually and reasonably incurred in an action that the agent successfully defended on the merits or otherwise.

Under the DGCL, in non-derivative third-party proceedings, a corporation may indemnify any agent who is or is threatened to be made a party to the proceeding against expenses, judgments and settlements actually and reasonably incurred in connection with a civil proceeding, provided such person acted in good faith and in a manner the person reasonably believed to be in the best interests of and not opposed to the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct was unlawful. Further, in actions brought on behalf of the corporation, any agent who is or is threatened to be made a party can be indemnified for expenses actually and reasonably incurred in connection with the defense or settlement of the action if the person acted in good faith and in a manner reasonably believed to be in and not opposed to the best interests of the corporation; however, indemnification is not permitted with respect to any claims in which such person has been adjudged liable to the corporation unless the appropriate court determines such person is entitled to indemnity for expenses.

Unless ordered by a court, the corporation must authorize permissive indemnification for existing directors or officers in each case by: (i) a majority vote of the disinterested directors even though less than a quorum; (ii) a committee of disinterested directors, designated by a majority vote of such

directors even though less than a quorum; (iii) independent legal counsel in a written opinion; or (iv) the stockholders. The statutory rights regarding indemnification are non-exclusive; consequently, a corporation can indemnify a litigant in circumstances not defined by the DGCL under any bylaw, agreement or otherwise.

Under the DGCL, a Delaware corporation's certificate of incorporation may eliminate director liability for all acts except: (i) an act or omission not in good faith or that involves intentional misconduct or knowing violation of the law; (ii) a breach of the duty of loyalty; (iii) improper personal benefits; or (iv) certain unlawful distributions.

Star Maritime's certificate of incorporation and bylaws provide that any director, officer, employee or agent shall be indemnified to the fullest extent authorized or permissible under Delaware law, provided that such person acted in good faith and in a manner which he believed to be in, or not opposed to, the best interests of Star Maritime, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. In order to be indemnified, such indemnification must be ordered by a court or it must be decided by a majority vote of a quorum of the whole Star Maritime board of directors that such person met the applicable standard of conduct set forth in this paragraph.

Star Maritime's certificate of incorporation provides that a director shall not be personally liable to the corporation or its stock holders for monetary damages for breach of fiduciary duty as a director; provided however, that nothing in the certificate of incorporation shall eliminate or limit the liability of any director (i) for breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit.

**Star Bulk.** Star Bulk's Bylaws provide that any person who is or was a director or officer of Star Bulk, or is or was serving at the request of Star Bulk as a director or officer of another corporation, partnership, joint venture, trust or other enterprises shall be entitled to be indemnified by Star Bulk upon the same terms, under the same conditions, and to the same extent as authorized by Section 60 of the BCA, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Star Bulk, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, Star Maritime and Star Bulk have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

#### **Amendments to Certificate of Incorporation and Bylaws**

Under the DGCL, under the following circumstances, a class of stockholders has the right to vote separately on an amendment to a Delaware corporation's certificate of incorporation even if the certificate does not include such a right: (i) increasing or decreasing the aggregate number of authorized shares of the class (the right to a class vote under this circumstance may be eliminated by a provision in the certificate); (ii) increasing or decreasing the par value of the shares of the class; or (iii) changing the powers, preferences, or special rights of the shares of the class in a way that would affect them adversely. Approval by outstanding shares entitled to vote is also required. Further, a separate series vote is not required unless a series is adversely affected by an amendment in a manner different from other shares in the same class. Under the DGCL, a corporation's certificate of incorporation also may require, for action by the board or by the holders of any class or series of voting securities, the vote of a greater number or proportion than is required by the DGCL, and the



provision of the certificate of incorporation requiring such greater vote may also provide that such provision cannot be altered, amended or repealed except by such greater vote.

The BCA provides that notwithstanding any provisions in the articles of incorporation, the holders of the outstanding shares of a class shall be entitled to vote as a class upon a proposed amendment, and in addition to the authorization of an amendment by a vote of the holders of a majority of all outstanding shares entitled to vote thereon, the amendment shall be authorized by a vote of the holders of a majority of all outstanding shares of the class if the amendment would increase or decrease the aggregate number of authorized shares of such class, or alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely. If any proposed amendment would alter or change the powers, preferences, or special rights of one or more series of any class so as to affect them adversely, but shall not affect the entire class, then only the shares of the series so affected by the amendment shall be considered a separate class for purposes of this section.

**Star Maritime.** Star Maritime's certificate of incorporation may be amended if a majority of the outstanding stock entitled to vote thereon, and a majority of the outstanding stock of each class entitled to vote thereon as a class has been voted in favor of the amendment. Star Maritime's bylaws may be amended or repealed, and new bylaws may be adopted, either (i) by the affirmative vote of the holders of a majority of the outstanding stock of Star Maritime, or (ii) by the affirmative vote of a majority of the board of directors of Star Maritime.

**Star Bulk.** Generally, the BCA provides that amendment of Star Bulk's articles of incorporation may be authorized by a vote of the holders of a majority of all outstanding shares entitled to vote thereon at a meeting of shareholders or by written consent of all shareholders entitled to vote thereon. Star Bulk's bylaws may be amended by the affirmative vote of 66<sup>2</sup>/<sub>3</sub>% of entire board of directors, or by the affirmative vote of the holders of 70% or more of the outstanding shares of stock entitled to vote thereon (considered for this purpose as one class).

**COMPARISON OF MARSHALL ISLANDS CORPORATE LAW TO DELAWARE CORPORATE LAW**

Star Bulk's corporate affairs are governed by Star Bulk's amended and restated articles of incorporation, amended and restated bylaws and the Business Corporation Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. For example, the BCA allows the adoption of various anti-takeover measures such as shareholder rights plans. While the BCA also provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we can not predict whether Marshall Islands courts would reach the same conclusions as United States courts. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction which has developed a substantial body of case law. The following table provides a comparison between the statutory provisions of the BCA and the DGCL relating to shareholders' rights.

<b>Marshall Islands</b>	<b>Delaware</b>
<i>Shareholder Meetings</i>	
May be held at a time and place as designated in the bylaws	May be held at such time or place as designated in the certificate of incorporation or the bylaws, or if not so designated, as determined by the board of directors
May be held within or outside the Marshall Islands	May be held within or outside Delaware
Notice:	Notice:
Whenever shareholders are required to take action at a meeting, written notice shall state the place, date and hour of the meeting and indicate that it is being issued by or at the direction of the person calling the meeting	Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, and the means of remote communication, if any, by which stockholders may be deemed to be present and vote at such meeting
A copy of the notice of any meeting shall be given personally or sent by mail not less than 15 nor more than 60 days before the meeting	Written notice shall be given not less than ten nor more than 60 days before the meeting

*Shareholder's Voting Rights*

Any action required to be taken by meeting of shareholders may be taken without meeting if consent is in writing and is signed by all the shareholders entitled to vote

Stockholders may act by written consent to elect directors

Any person authorized to vote may authorize another person or persons to act for him by proxy

Any person authorized to vote may authorize another person or persons to act for him by proxy

Unless otherwise provided in the articles of incorporation, a majority of shares entitled to vote constitutes a quorum. In no event shall a quorum consist of fewer than one-third of the shares entitled to vote at a meeting

For stock corporations, certificate of incorporation or bylaws may specify the number of members necessary to constitute a quorum but in no event shall a quorum consist of less than one-third of the shares entitled to vote at the meeting. In the absence of such specifications, a majority of shares entitled to vote at the meeting shall constitute a quorum

The articles of incorporation may provide for cumulative voting

*Limits on Rights of Non-Resident or Foreign Shareholders to Hold or Exercise Voting Rights*

There are no limits on the rights of non-resident or foreign shareholders to hold or exercise voting rights.

There are no limits on the rights of non-resident or foreign shareholders to hold or exercise voting rights.

*Right to Inspect Corporate books*

Any shareholder may during the usual hours of business inspect, for a purpose reasonably related to his interests as a shareholder, and make copies of extracts from the share register, books of account, and minutes of all proceedings.

Any stockholder, in person or through an agent, upon written demand under oath stating the purpose thereof, has the right during usual business hours to inspect and make copies or extracts from the corporation's stock ledger, a list of its stockholders, and books and records.

The right of inspection may not be limited in the articles or bylaws.

*Indemnification*

For actions not by or in the right of the corporation, a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened or pending action or proceeding by reason of the fact that he is or was a director or officer of the corporation against expenses (including attorneys' fees), judgments and amounts paid in settlement if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful.

For actions not by or in the right of the corporation, a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened or pending action or proceeding by reason of the fact that he is or was a director or officer of the corporation against expenses (including attorneys' fees), judgments and amounts paid in settlement if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful.

*Duties of Directors and Officers*

Directors and officers shall discharge their duties in good faith and with that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions. They may rely upon financial statements of the corporation represented to them to be correct by the president or the officer having charge of its books or accounts or by independent accountants.

Directors owe a duty of care and a duty of loyalty to the corporation and have a duty to act in good faith.

*Right To Dividends*

A corporation may declare and pay dividends in cash, stock or other property except when the company is insolvent or would be rendered insolvent upon payment of the dividend or when the declaration or payment would be contrary to any restrictions contained in the articles of incorporation. Dividends may be declared and paid out of surplus only, but if there is no surplus dividends may be paid out of the net profits for the fiscal year in which the dividend is declared and for the preceding fiscal year.

Directors may declare a dividend out of its surplus, or, if there's no surplus, then out of its net profits for the year in which the dividend is declared and/or the preceding fiscal year.

*Bylaws*

Except as otherwise provided in the articles of incorporation, bylaws may be amended, repealed or adopted by a vote of shareholders. If so provided in the articles of incorporation or in a shareholder approved bylaw, bylaws may also be amended, repealed, or adopted by the board of directors, but any bylaw adopted by the board of directors may be amended or repealed by the shareholders.

After a corporation has received any payment for any of its stock, the power to adopt, amend, or repeal bylaws shall be in the stockholders entitled to vote; provided, however, any corporation may, in its certificate of incorporation, provide that bylaws may be adopted, amended or repealed by the board of directors. The fact that such power has been conferred upon the board of directors shall not divest the stockholders of the power nor limit their power to adopt, amend or repeal the bylaws.

*Removal of Directors*

Any or all of the directors may be removed for cause by a vote of the shareholders or if the articles of incorporation or bylaws so provide, by the board. If the articles of incorporation or bylaws so provide, directors may be removed without cause by vote of the shareholders.

Any or all directors on a board without staggered terms may be removed with or without cause by the affirmative vote of a majority of shares entitled to vote in the election of directors unless the certificate of incorporation otherwise provides. Directors on a board with staggered terms may only be removed for cause by the affirmative vote of a majority of shares entitled to vote in the election of directors.

The certificate of incorporation may provide for cumulative voting.

*Directors*

Board must consist of at least one member

Board must consist of at least one member

Number of members can be changed by an amendment to the bylaws, by the shareholders, or by action of the board

Number of board members shall be fixed by the bylaws, unless the certificate of incorporation fixes the number of directors, in which case a change in the number shall be made only by amendment of the certificate

If the board is authorized to change the number of directors, it can only do so by an absolute majority (majority of the entire board)

A majority of the entire board, in person or by proxy, shall constitute a quorum for the transaction of business. The bylaws may lower the number required for a quorum to one-third the number of directors but no less.

A majority of the total number of directors shall constitute a quorum for the transaction of business unless the certificate or bylaws require a greater number. The bylaws may lower the number required for a quorum to one-third the number of directors but no less.

*Dissenter's Rights of Appraisal*

Shareholders have a right to dissent from a merger or sale of all or substantially all assets not made in the usual course of business, and receive payment of the fair value of their shares

Appraisal rights shall be available for the shares of any class or series of stock of a corporation in a merger or consolidation

A holder of any adversely affected shares who does not vote on or consent in writing to an amendment to the articles of incorporation has the right to dissent and to receive payment for such shares if the amendment:

Alters or abolishes any preferential right of any outstanding shares having preference; or

Creates, alters, or abolishes any provision or right in respect to the redemption of any outstanding shares; or

Alters or abolishes any preemptive right of such holder to acquire shares or other securities; or

Excludes or limits the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class

*Shareholder's Derivative Actions*

An action may be brought in the right of a corporation to procure a judgment in its favor, by a holder of shares or of voting trust certificates or of a beneficial interest in such shares or certificates. It shall be made to appear that the plaintiff is such a holder at the time of bringing the action and that he was such a holder at the time of the transaction of which he complains, or that his shares or his interest therein devolved upon him by operation of law.

In any derivative suit instituted by a stockholder of a corporation, it shall be averred in the complaint that the plaintiff was a stockholder of the corporation at the time of the transaction of which he complains or that such stockholder's stock thereafter devolved upon such stockholder by operation of law.

Complaint shall set forth with particularity the efforts of the plaintiff to secure the initiation of such action by the board or the reasons for not making such effort.

Such action shall not be discontinued, compromised or settled, without the approval of the High Court of the Republic.

Attorney's fees may be awarded if the action is successful.

Corporation may require a plaintiff bringing a derivative suit to give security for reasonable expenses if the plaintiff owns less than 5% of any class of stock and the shares have a value of less than \$50,000.

*Class Actions*

Rule 23 of Marshall Islands Rules of Civil Procedure allows for class action suits in the Marshall Islands and is modeled on the federal rule, F.R.C.P. Rule 23.

Rule 23 of the Delaware Chancery Court Rules allows for class action suits in Delaware and is modeled on the federal rule, F.R.C.P. Rule 23.

## TAX CONSIDERATIONS

### Material U.S. Federal Income Tax Consequences

The following discussion addresses the U.S. federal income tax consequences to a Star Maritime stockholder of the exchange of Star Maritime shares for shares of Star Bulk common stock in the Redomiciliation Merger as well as the U.S. federal income tax consequences of owning Star Bulk common stock after the Redomiciliation Merger. This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated under the Code, Internal Revenue Service ("IRS") rulings and pronouncements, and judicial decisions now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such changes may be applied retroactively.

Star Bulk has received an opinion from its counsel, Seward & Kissel LLP ("Seward & Kissel"), that, except as noted below, the discussion below and under the risk factors "There Is A Risk That Star Bulk Could Be Treated As A U.S. Domestic Corporation For U.S. Federal Income Tax Purposes After The Redomiciliation Merger Which Would Adversely Affect Its Earnings," and "Star Bulk May Have to Pay Tax On United States Source Income, Which Would Reduce Its Earnings" sets forth, in the opinion of Seward & Kissel, in all material respects, the material U.S. federal income tax consequences to a Star Maritime stockholder of the exchange of Star Maritime shares for shares of Star Bulk common stock in the Redomiciliation Merger as well as the material tax consequences of owning Star Bulk common stock after the Redomiciliation Merger. Seward & Kissel's opinion does not address the matters discussed below under the heading "Passive Foreign Investment Company Status and Significant Tax Consequences" or under the risk factor "U.S. Tax Authorities Could Treat Star Bulk As A "Passive Foreign Investment Company" Which Would Have Adverse U.S. Federal Income Tax Consequences To U.S. Holders." No party has sought or will seek any rulings from the IRS with respect to the U.S. federal income tax consequences discussed below. The discussion below is not in any way binding on the IRS or the courts or in any way constitutes an assurance that the U.S. federal income tax consequences discussed herein will be accepted by the IRS or the courts.

The U.S. federal income tax consequences to a holder of Star Maritime shares from the Redomiciliation Merger may vary depending upon such stockholder's particular situation or status. This discussion and Seward & Kissel's opinion is limited to holders of Star Maritime shares who hold their Star Maritime shares and will hold their Star Bulk common stock as capital assets, and they do not address aspects of U.S. federal income taxation that may be relevant to holders of either Star Maritime or Star Bulk shares who are subject to special treatment under U.S. federal income tax laws, including but not limited to: non-U.S. holders (as defined below); dealers in securities; banks and other financial institutions; insurance companies; tax-exempt organizations, plans or accounts; persons holding their Star Maritime shares as part of a "hedge," "straddle" or other risk reduction transaction; persons holding their Star Maritime shares through partnerships, trusts or other entities; U.S. persons whose functional currency is not the U.S. dollar; and controlled foreign corporations or passive foreign investment companies, as those terms are defined in the Code. In addition, this discussion and Seward & Kissel's opinion do not consider the effects of any applicable foreign, state, local or other tax laws, or estate or gift tax considerations, or the alternative minimum tax.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Star Maritime shares that is, for U.S. federal income tax purposes: a citizen or resident of the United States; a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); an estate the income of which is subject to United States federal income tax regardless of its source; or a trust, if a court within the United States can exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of the substantial decisions of that trust (or the trust was in existence on August 20, 1996, was treated as a U.S. trust on August 19, 1996 and validly elected to continue to be treated as a U.S. trust).



For purposes of this discussion, a "Non-U.S. Holder" is, for U.S. federal income tax purposes, an individual, trust, or corporation that is a beneficial owner of Star Maritime shares, who is not a U.S. Holder.

## United States Federal Income Tax Considerations

### Tax Consequences of the Merger

In the opinion of Seward & Kissel, counsel to Star Maritime, the Redomiciliation Merger will be treated as a nontaxable reorganization for U.S. federal income tax purposes under Code Section 368(a). Accordingly, a U.S. Holder of Star Maritime shares or warrants will not recognize gain or loss upon the exchange of his shares of Star Maritime common stock solely for shares of Star Bulk common stock pursuant to the Redomiciliation Merger. A shareholder who redeems his shares for cash will recognize gain or loss in an amount equal to the difference between the amount of cash received for such shares and his adjusted tax loss in such shares. Any gain recognized by a U.S. holder generally will be capital gain. Long-term capital gains are subject to preferential rates of taxation for certain non-corporate taxpayers. A U.S. Holder's aggregate tax basis in the Star Bulk shares and warrants received in the transaction will be the same as his aggregate tax basis in the Star Maritime shares and warrants surrendered in the transaction. The holding period of Star Bulk shares received in the Redomiciliation Merger will include the holding period of the Star Maritime shares surrendered in the Redomiciliation Merger.

Section 7874(b) of the Code ("Section 7874(b)") provides that a corporation organized outside the United States which acquires (pursuant to a "plan" or a "series of related transactions") substantially all of the assets of a corporation organized in the United States will be treated as a U.S. domestic corporation for U.S. federal income tax purposes if shareholders of the U.S. corporation whose assets are being acquired own at least 80 percent of the non-U.S. acquiring corporation after the acquisition. If Section 7874(b) were to apply to Star Maritime and the Redomiciliation Merger, then Star Bulk, as the surviving entity of the Redomiciliation Merger, would be subject to U.S. federal income tax as a U.S. domestic corporation on its worldwide income after the Redomiciliation Merger. In addition, as a domestic corporation, any dividends paid by Star Bulk to a non-U.S. shareholder would be subject to a U.S. federal income tax withholding at the rate of 30 percent or such lower rate as provided by applicable treaty.

The Redomiciliation Merger has been structured so that upon completion of the Redomiciliation Merger, the shareholders of Star Maritime will own less than 80 percent of Star Bulk. Therefore, in the opinion of Seward & Kissel, counsel to Star Maritime, Star Bulk should not be subject to Section 7874(b) after the Redomiciliation Merger and therefore should not be subject to U.S. federal income tax as a U.S. domestic corporation on its worldwide income after the Redomiciliation Merger. However, there is no authority directly addressing the application of Section 7874(b) to a transaction such as the Redomiciliation Merger where shares in a foreign corporation such as Star Bulk are issued concurrently with (or shortly after) a merger. In particular, since there is no authority directly applying the "series of related transactions" or "plan" provisions to the post-acquisition stock ownership requirements of Section 7874(b), there is no assurance that the IRS will agree with Seward & Kissel's opinion on this matter. Moreover, Star Maritime has not sought a ruling from the IRS on this point. Therefore, there is no assurance that the IRS would not seek to assert that Star Bulk is subject to U.S. federal income tax on its worldwide income after the Redomiciliation Merger, although Star Maritime believes that such an assertion should not be successful.

Even if Section 7874(b) does not apply to a transaction, Section 7874(a) of the Code ("Section 7874(a)") provides that where a corporation organized outside the United States acquires substantially all of the assets of a corporation organized in the United States, the corporation whose assets are being acquired will be subject to U.S. federal income tax on its "inversion gain" if shareholders of the U.S. corporation whose assets are being acquired own at least 60 percent of the

non-U.S. acquiring corporation after the acquisition. "Inversion gain" includes any gain from the transfer of the properties by the corporation organized in the United States to the corporation organized outside the United States as well as certain licensing income.

In the opinion of Seward & Kissel Section 7874(a) will apply to Star Maritime as a result of the Redomiciliation Merger. However, since the only asset being transferred by Star Maritime pursuant to the Redomiciliation Merger is cash, in the opinion of Seward & Kissel Star Maritime will not realize any "inversion gain" or suffer any other adverse U.S. federal income tax consequences as a result of the application of Section 7874(a) to the Redomiciliation Merger.

## **U.S. Federal Income Taxation of Star Bulk**

### **Taxation of Operating Income: In General**

Unless exempt from U.S. federal income taxation under the rules discussed below, a foreign corporation is subject to United States federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, code sharing arrangements or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses, which we refer to as "shipping income," to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States constitutes income from sources within the United States, which we refer to as "U.S.-source shipping income."

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. Star Bulk is not permitted by law to engage in transportation that produces income which is considered to be 100% from sources within the United States.

Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax. In the absence of exemption from tax under Section 883, Star Bulk's gross U.S.-source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below.

### **Exemption of Operating Income from U.S. Federal Income Taxation**

Under Section 883 of the Code, Star Bulk will be exempt from U.S. federal income taxation on its U.S.-source shipping income if:

1. Star Bulk is organized in a foreign country (our "country of organization") that grants an "equivalent exemption" to corporations organized in the United States; or

2. either:

more than 50% of the value of Star Bulk's stock is owned, directly or indirectly, by individuals who are "residents" of Star Bulk's country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the United States, which Star Bulk refers to as the "50% Ownership Test," or

Star Bulk's stock is "primarily and regularly traded on an established securities market" in Star Bulk's country of organization, in another country that grants an "equivalent exemption" to U.S. corporations, or in the United States, which Star Bulk refers to as the "Publicly-Traded Test."

The Republic of the Marshall Islands, the jurisdiction where Star Bulk and its ship-owning subsidiaries are incorporated, grants an "equivalent exemption" to U.S. corporations. Therefore, Star



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Bulk will be exempt from U.S. federal income taxation with respect to its U.S.-source shipping income if it satisfies either the 50% Ownership Test or the Publicly-Traded Test. For taxable years after the Redomiciliation Merger, it may be difficult for Star Bulk to satisfy the 50% Ownership Test due to the widely-held ownership of its stock. Star Bulk's ability to satisfy the Publicly-Traded Test is discussed below.

The regulations provide, in pertinent part, that stock of a foreign corporation will be considered to be "primarily traded" on an established securities market if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. After the Redomiciliation Merger, Star Bulk anticipates that its common stock will be "primarily traded" on the Nasdaq Global Market.

Under the regulations, Star Bulk's stock will be considered to be "regularly traded" on an established securities market if one or more classes of its stock representing more than 50% of its outstanding shares, by total combined voting power of all classes of stock entitled to vote and total value, is listed on the market which Star Bulk refers to as the listing threshold. Since Star Bulk's common stock, which will represent more than 50% of its outstanding shares by vote and value, will be listed on the Nasdaq Global Market, Star Bulk will satisfy the listing requirement.

It is further required that with respect to each class of stock relied upon to meet the listing threshold (i) such class of the stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or  $\frac{1}{6}$  of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. Star Bulk believes it will satisfy the trading frequency and trading volume tests. Even if this were not the case, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied by a class of stock if, as Star Bulk expects to be the case with its common stock, such class of stock is traded on an established market in the United States and such class of stock is regularly quoted by dealers making a market in such stock.

Notwithstanding the foregoing, the regulations provide, in pertinent part, Star Bulk's common stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the outstanding shares of its common stock are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of its common stock, which Star Bulk refers to as the "5 Percent Override Rule."

For purposes of being able to determine the persons who own 5% or more of Star Bulk common stock, or "5% Stockholders," the regulations permit Star Bulk to rely on Schedule 13G and Schedule 13D filings with the U.S. Securities and Exchange Commission, or the "SEC," to identify persons who have a 5% or more beneficial interest in our common stock. The regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Stockholder for such purposes.

After the Redomiciliation Merger, Star Bulk does not anticipate that its 5% Stockholders will own 50% or more of its common stock. However, if Star Bulk's 5% Stockholders did own more than 50% of Star Bulk's common stock, then Star Bulk would be subject to the 5% Override Rule unless it were able to establish that among the closely-held group of 5% Stockholders, there are sufficient 5% Stockholders that are qualified stockholders for purposes of Section 883 to preclude non-qualified 5% Stockholders in the closely-held group from owning 50% or more of each class of our stock for more than half the number of days during the taxable year. In order to establish this, sufficient 5% Stockholders that are qualified stockholders would have to comply with certain documentation and certification requirements designed to substantiate their identity as qualified stockholders. These requirements are onerous and there is no guarantee that Star Bulk would be able to satisfy them.

### **Taxation in Absence of Exemption**

To the extent the benefits of Section 883 are unavailable, Star Bulk's U.S. source shipping income, to the extent not considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions. Since under the sourcing rules described above, no more than 50% of Star Bulk's shipping income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on Star Bulk's shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent the benefits of the Section 883 exemption are unavailable and Star Bulk's U.S.-source shipping income is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax currently imposed at rates of up to 35%. In addition, Star Bulk may be subject to the 30% "branch profits" taxes on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of its U.S. trade or business.

Star Bulk's U.S.-source shipping income would be considered "effectively connected" with the conduct of a U.S. trade or business only if:

Star Bulk has, or is considered to have, a fixed place of business in the United States involved in the earning of shipping income; and

substantially all of Star Bulk's U.S.-source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

Star Bulk does not intend to have, or permit circumstances that would result in having any vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of Star Bulk's shipping operations and other activities, Star Bulk believes that none of its U.S.-source shipping income will be "effectively connected" with the conduct of a U.S. trade or business.

### **United States Taxation of Gain on Sale of Vessels**

Regardless of whether Star Bulk will qualify for exemption under Section 883, Star Bulk will not be subject to U.S. federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by Star Bulk will be considered to occur outside of the United States.

### **United States Federal Income Taxation of U.S. Holders**

#### **Distributions**

Subject to the discussion of passive foreign investment companies below, any distributions made by Star Bulk with respect to Star Bulk's common stock to a U.S. Holder will constitute dividends, which may be taxable as ordinary income or "qualified dividend income" as described in more detail below, to the extent of Star Bulk's current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions in excess of Star Bulk's earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in his common stock on a dollar-for-dollar basis and thereafter as capital gain. Because Star Bulk is not a

U.S. corporation, U.S. Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from Star Bulk. Dividends paid with respect to Star Bulk's common stock will be treated as "passive category income" or, in the case of certain types of U.S. Holders, as "general category income" for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends paid on Star Bulk common stock to a U.S. Holder who is an individual, trust or estate (a "U.S. Individual Holder") would be treated as "qualified dividend income" that is taxable to such U.S. Individual Holders at preferential tax rates (through 2010) provided that (1) the common stock is readily tradable on an established securities market in the United States (which is anticipated to be the case after the Redomiciliation Merger); (2) Star Bulk is not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which, as discussed in more detail below, is anticipated to be the case); and (3) the U.S. Individual Holder has owned the common stock for more than 60 days in the 121-day period beginning 60 days before the date on which the common stock becomes ex-dividend. Legislation has been recently introduced in the U.S. Congress which, if enacted in its present form, would preclude our dividends from qualifying for such preferential rates prospectively from the date of the enactment. There is no assurance that any dividends paid on Star Bulk common stock will be eligible for these preferential rates in the hands of a U.S. Individual Holder. Star Bulk has not received an opinion of Seward & Kissel LLP on the issue.

Special rules may apply to any "extraordinary dividend," generally, a dividend in an amount which is equal to or in excess of ten percent of a stockholder's adjusted basis (or fair market value in certain definitive, pre-determined circumstances) in a share of common stock paid by Star Bulk. If Star Bulk pays an "extraordinary dividend" on its common stock that is treated as "qualified dividend income," then any loss derived by a U.S. Individual Holder from the sale or exchange of such common stock will be treated as long-term capital loss to the extent of such dividend.

#### **Sale, Exchange or other Disposition of Common Stock**

Assuming Star Bulk does not constitute a passive foreign investment company for any taxable year, a U.S. Holder will recognize taxable gain or loss upon a sale, exchange or other disposition of Star Bulk common stock in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

#### **Passive Foreign Investment Company Status and Significant Tax Consequences**

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a passive foreign investment company for United States federal income tax purposes. These consequences are discussed in more detail below. In general, Star Bulk will be treated as a passive foreign investment company with respect to a U.S. Holder if, for any taxable year in which such holder held Star Bulk common stock, either:

at least 75% of Star Bulk's gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or

at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, passive income.

For purposes of determining whether Star Bulk is a passive foreign investment company, Star Bulk will be treated as earning and owning its proportionate share of the income and assets, respectively, of any of its subsidiary corporations in which it owns at least 25% of the value of the subsidiary's stock.

Income earned, or deemed earned, by Star Bulk in connection with the performance of services would not constitute passive income. By contrast, rental income would constitute "passive income" unless Star Bulk was treated under specific rules as deriving its rental income in the active conduct of a trade or business.

Based on our current operations and future projections, Star Bulk intends to take the position for United States federal income tax purposes that it is not a passive foreign investment company with respect to any taxable year. Although there is no legal authority directly on point, and Star Bulk is not relying upon an opinion of counsel on this issue, Star Bulk's position is based principally on the view that, for purposes of determining whether Star Bulk is a passive foreign investment company, the gross income Star Bulk derives or is deemed to derive from the time chartering and voyage chartering activities of its wholly-owned subsidiaries should constitute services income, rather than rental income. Correspondingly, Star Bulk intends to take the position that such income does not constitute passive income, and the assets that Star Bulk or its wholly-owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels, do not constitute passive assets for purposes of determining whether Star Bulk is a passive foreign investment company. Star Bulk believes there is substantial analogous legal authority supporting its position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, in the absence of any direct legal authority specifically relating to the statutory provisions governing passive foreign investment companies, the IRS or a court could disagree with Star Bulk's position. The IRS or a court could take the position that the income derived by Star Bulk from its chartering activities is properly treated as rental income rather than as services income. This position could be taken if the services provided by Star Bulk were insufficient to support the characterization of its chartering income as services income. If Star Bulk's income were treated as rental income, then such income would be treated as passive income for purposes of the passive foreign investment company rules. In addition, although Star Bulk intends to conduct its affairs in a manner to avoid being classified as a passive foreign investment company with respect to any taxable year, Star Bulk cannot assure you that the nature of its operations will not change in the future.

As discussed more fully below, if Star Bulk were to be treated as a passive foreign investment company for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which election Star Bulk refers to as a "QEF election." As an alternative to making a QEF election, a U.S. Holder should be able to make a "mark-to-market" election with respect to Star Bulk's common stock, as discussed below.

#### **Taxation of U.S. Holders Making a Timely QEF Election**

If a U.S. Holder makes a timely QEF election, which U.S. Holder we refer to as an "Electing Holder," the Electing Holder must report each year for U.S. federal income tax purposes his pro rata share of Star Bulk ordinary earnings and Star Bulk's net capital gain, if any, for Star Bulk's taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from Star Bulk by the Electing Holder. The Electing Holder's adjusted tax basis in the common stock will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common stock and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of Star Bulk common stock. A U.S. Holder would make a QEF election with respect to any year that Star Bulk is a passive foreign investment company by filing IRS Form 8621 with his U.S. federal income tax return. If Star Bulk is aware that it was to be treated as a passive foreign investment company for any taxable year, Star Bulk would provide each U.S. Holder with all necessary information in order to make the QEF election described above.

### **Taxation of U.S. Holders Making a "Mark-to-Market" Election**

Alternatively, if Star Bulk were to be treated as a passive foreign investment company for any taxable year and, as Star Bulk anticipates, its stock is treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to Star Bulk common stock, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common stock at the end of the taxable year over such holder's adjusted tax basis in the common stock. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common stock over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of Star Bulk common stock would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

### **Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election**

Finally, if Star Bulk were to be treated as a passive foreign investment company for any taxable year, a U.S. Holder who does not make either a QEF election or a "mark-to-market" election for that year, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on Star Bulk common stock in a taxable year in excess of 125 percent of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of our common stock. Under these special rules:

the excess distribution or gain would be allocated ratably over the Non-Electing Holders' aggregate holding period for the common stock;

the amount allocated to the current taxable year and any taxable year before we became a passive foreign investment company would be taxed as ordinary income; and

the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of Star Bulk common stock. If a Non-Electing Holder who is an individual dies while owning Star Bulk common stock, such holder's successor generally would not receive a step-up in tax basis with respect to such stock.

### **Backup Withholding and Information Reporting**

In general, dividend payments, or other taxable distributions, made within the United States to you will be subject to information reporting requirements. Such payments will also be subject to backup withholding tax if you are a non-corporate U.S. Holder and you:

fail to provide an accurate taxpayer identification number;

are notified by the IRS that you have failed to report all interest or dividends required to be shown on your federal income tax returns; or



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in certain definitive, pre-determined circumstances, fail to comply with applicable certification requirements.

Backup withholding tax is not an additional tax. Rather, you generally may obtain a refund of any amounts withheld under backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

### **Marshall Islands Tax Considerations**

In the opinion of Seward & Kissel LLP, the following are the material Marshall Islands tax consequences of our activities to Star Bulk and holders of Star Bulk common stock. Star Bulk is incorporated in the Marshall Islands. Under current Marshall Islands law, Star Bulk is not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by Star Bulk to its stockholders.

**SHARES ELIGIBLE FOR FUTURE SALE**

As of the date of this joint proxy statement/prospectus, Star Maritime has 29,026,924 shares of common stock outstanding. In respect of the stock consideration portion of the aggregate purchase price of the vessels in the initial fleet, concurrently with the Redomiciliation Merger, Star Bulk will issue 12,537,645 shares of common stock to TMT. Accordingly, immediately following the Redomiciliation Merger, Star Bulk will have 41,564,569 shares of common stock outstanding. Of these shares, 31,405,145 shares are freely tradable without restriction or further registration under the Securities Act, except for any shares held by an affiliate of Star Bulk within the meaning of Rule 144 under the Securities Act. All of the remaining 10,159,424 shares are restricted securities under Rule 144, in that they were issued in private transactions not involving a public offering. Of these shares, 9,026,924 shares have been placed in escrow and will not be transferable until December 15, 2008, subject to certain limited exceptions, such as transfers to family members and trusts for estate planning purposes and upon death, while in each case remaining subject to the escrow agreement, and will only be released prior to that date if Star Maritime is forced to liquidate, in which case the shares would be destroyed. The remaining 1,132,500 shares are transferable following the consummation of the Redomiciliation Merger, subject to Rule 144.

The shares of Star Bulk issued to TMT in respect of the stock consideration are subject to a 180-day lock up period.

*Rule 144*

In general, under Rule 144 as currently in effect, a person who has beneficially owned restricted shares of our common stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of either of the following:

1% of the number of shares of common stock then outstanding, which after the Redomiciliation Merger will equal 415,645 shares; and

the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also limited by manner of sale provisions and notice requirements and to the availability of current public information about Star Bulk.

*Rule 144(k)*

Under Rule 144(k), a person who is not deemed to have been one of our affiliates at the time of or at any time during the three months preceding a sale, and who has beneficially owned the restricted shares proposed to be sold for at least two years, including the holding period of any prior owner other than an affiliate, is entitled to sell their shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

*SEC Position on Rule 144 Sales*

The Securities and Exchange Commission has taken the position that promoters or affiliates of a blank check company and their transferees, both before and after a business combination, would act as an "underwriter" under the Securities Act when reselling the securities of a blank check company. Accordingly, Rule 144 may not be available for the resale of those securities despite technical compliance with the requirements of Rule 144, in which event the resale transactions would need to be made through a registered offering.

*Registration Rights*

Holders of a majority of the aggregate of 9,024,924 shares of common stock issued to officers and directors of Star Maritime prior to our initial public offering are entitled to make up to two demands that Star Maritime registers these shares. The holders of the majority of these shares may elect to exercise these registration rights at any time after the date on which these shares of common stock are released from escrow, which, except in limited circumstances, is not before December 15, 2008. In addition, these stockholders have certain piggyback registration rights on registration statements filed subsequent to the date on which these shares of common stock are released from escrow. Star Maritime, and if the Redomiciliation Merger is approved, Star Bulk, as the successor to Star Maritime, will bear the expenses incurred in connection with the filing of any such registration statements.

In connection with Star Maritime's initial public offering, Star Maritime issued an aggregate of 1,132,500 units to certain of its officers and directors. Star Maritime has granted the holders of such units demand and piggyback registration rights with respect to the 1,132,500 shares, the 1,132,500 warrants and the 1,132,500 shares underlying the warrants at any time commencing on the date Star Maritime publicly announces that it has entered into a letter of intent with respect to a proposed business combination. The demand registration may be exercised by the holders of a majority of such units. Star Maritime announced its entry into the definitive agreements with respect to the acquisition of the vessels on January 17, 2007. In addition, Star Maritime has granted the holders of such units certain registration rights commencing at the time Star Maritime consummates its initial business combination with a target business. Star Maritime, and if the Redomiciliation Merger is approved, Star Bulk, as the successor to Star Maritime, will bear the expenses incurred in connection with the filing of any such registration statements.

Under the Master Agreement, Star Bulk has agreed, with some limited exceptions, to include the shares of Star Bulk's common stock comprising the stock consideration portion of the aggregate purchase price of the vessels in the initial fleet and the Additional Stock, which we collectively refer to as the Registrable Securities, in Star Bulk's registration statement of which this joint proxy statement/prospectus is a part. In addition, Star Bulk has granted TMT (on behalf of itself or its affiliates that hold Registrable Securities) the right, under certain definitive, pre-determined circumstances and subject to certain restrictions, including lock-up and market stand-off restrictions, to require Star Bulk to register the Registrable Securities under the Securities Act. Under the Master Agreement, TMT also has the right to require Star Bulk to make available shelf registration statements permitting sales of shares into the market from time to time over an extended period. In addition, TMT will have the ability to exercise certain piggyback registration rights, 180 days following the effective date of the Redomiciliation Merger. All expenses relating to such registration will be borne by Star Bulk. Following the Redomiciliation Merger, TMT and/or its affiliates will own 12,537,645 shares of Star Bulk's common stock entitled to these registration rights and Star Bulk has agreed to issue to TMT and/or its affiliates an additional 1,606,962 shares of Star Bulk's common stock, in two installments, entitled to these registration rights.

### SELLING SHAREHOLDER

The following table identifies the selling shareholder, the number and percentage of shares of common stock beneficially owned by the selling shareholder after the consummation of the Redomiciliation Merger, the number of shares of common stock that the selling shareholder may offer or sell, and the number and percentage of shares of common stock beneficially owned by the selling shareholder, assuming that the selling shareholder exercises all options and warrants then exercisable by them and that the selling shareholder sells all of the shares that may be sold by them. We have prepared this table based upon information furnished to us by or on behalf of the selling shareholder. As used in this joint proxy statement/prospectus, "the selling shareholder" refers to TMT, as the holder of record of the indicated securities, and includes the respective pledgees, assignees successors-in-interest, donees, transferees or others who may later hold the selling shareholder's interests.

TMT is currently a global shipping company with its management headquarters in Taiwan. Star Bulk intends to purchase its initial fleet of eight drybulk carriers from TMT upon the approval and consummation of the Redomiciliation Merger. Star Maritime has also entered into related agreements with TMT, all of which are appended on this joint proxy statement/prospectus, in connection with the acquisition of the vessels.

Prior to the first contact between Star Maritime and TMT on July 25, 2006 in Milan, Italy, Star Maritime, its subsidiaries, affiliates and related parties had no prior connections or business contacts with TMT or its subsidiaries, affiliates and related parties. Further, there is no relationship, affiliation or other connection between the officers, directors, and affiliates of Star Maritime and the officers, directors, and affiliates of TMT. However, Oceanbulk Shipping & Trading (OBST) a private company affiliated with our director Mr. Petros Pappas, has been party to Forward Freight Agreements (FFAs) with TMT. As is customary in FFA contracts, they are negotiated anonymously through a broker on a "subject to approval of the counter-party" basis. Only after the negotiation is complete and the terms of the trade have been agreed upon, will the names of each party be revealed and the parties have the opportunity to either approve or disapprove of the transaction.

There are no material relationships and no material agreements between TMT and Nobu Su or their affiliates on one side and Star Maritime or Star Bulk or their affiliates on the other side, other than those described in this joint proxy statement/prospectus.

In connection with the Redomiciliation Merger, pursuant to the Master Agreement, the selling shareholder has agreed that, for a period of 180 days commencing on the date of issuance of registrable securities representing the stock consideration portion of the aggregate purchase price for the vessels in our initial fleet ("Stock Consideration"), the shareholder will not (i) directly or indirectly, offer, sell, agree to offer or sell, solicit offers to purchase, grant any call option or purchase any put option with respect to, pledge, borrow or otherwise dispose of any of the registrable securities representing the Stock Consideration, or otherwise enter into any swap, derivative or other transaction or arrangement that transfers to another, any economic consequence of ownership of any of the registrable securities representing Stock Consideration. Notwithstanding the foregoing, TMT and its vessel owning subsidiaries are permitted to transfer all or any portion of the Stock Consideration

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among themselves or any of its affiliates provided that such transfer would not require registration under the Securities Act.

Selling Shareholder	Shares of Common Stock Beneficially Owned After the Redomiciliation Merger and Prior to the Offering				Shares of Common Stock Beneficially Owned After the Offering		
	Number of Shares Beneficially Owned	Percent of Class(2)	Number of Shares Owned Following Issuance of Additional Stock	Percent of Class(2)	Number of Shares Being Offered	Number of Shares Beneficially Owned	Percent of Class(2)
TMT Co., Ltd.(1)	12,537,645	29.4%	14,144,607	31.9%	14,144,607	0	0%

(1) Nobu Su, Chief Executive Officer of TMT exercises voting and investment control over the securities held of record by TMT. Mr. Su will serve on the board of directors of Star Bulk. The business address of TMT is 12 Floor 167 FU HSIN North Road, Tapei 105, Taiwan, Republic of China.

(2) Assumes that no shareholders redeem and includes shares of common stock issuable upon exercise of warrants within 60 days of effectiveness of the registration statement of which this prospectus is a part.

After the Redomiciliation Merger, TMT will be an affiliate of Star Bulk and may be deemed an "underwriter" under federal securities laws.

### PLAN OF DISTRIBUTION

Star Bulk is registering shares of its common stock under the Securities Act for sale by the selling shareholder. As used in this joint proxy statement/prospectus, "the selling shareholder" refers to TMT as the holder of record of the indicated securities and includes the respective pledgees, assignees successors-in-interest, donees, transferees or others who may later hold the selling shareholder's interests and would be identified in an amendment to this prospectus at the appropriate time. Star Bulk has agreed to pay the costs and fees of registering the shares, but the selling shareholder will pay any brokerage commissions, discounts or other expenses relating to the sale of the shares.

The selling shareholder may sell the shares on any national market or exchange where the shares are listed or quoted, in the over-the-counter market or otherwise, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, or at negotiated prices. In addition, the selling shareholders may sell some or all of their shares through:

- a block trade in which a broker-dealer may resell a portion of the block, as principal, in order to facilitate the transaction;
- purchases by a broker-dealer, as principal, and resale by the broker-dealer for its account;
- ordinary brokerage transactions and transactions in which a broker solicits purchasers; or
- an exchange distribution in accordance with the rules of the applicable exchange.

When selling the shares, the selling shareholder may enter into hedging transactions. For example, the selling shareholders may:

- enter into transactions involving short sales of the shares by broker-dealers;
- sell shares short themselves and redeliver such shares to close out their short positions;
- enter into option or other types of transactions that require the selling shareholder to deliver shares to a broker-dealer, who will then resell or transfer the shares under this prospectus; or
- loan or pledge the shares to a broker-dealer, who may sell the loaned shares or, in the event of default, sell the pledged shares.

The selling shareholder may negotiate and pay broker-dealers commissions, discounts or concessions for their services. Broker-dealers engaged by the selling shareholders may allow other broker-dealers to participate in resales. The selling shareholder and any broker-dealers involved in the sale or resale of the shares, however, may qualify as "underwriters" within the meaning of Section 2(a)(11) of the Securities Act. In addition, the broker-dealers' commissions, discounts or concession may qualify as underwriters' compensation under the Securities Act. If the selling shareholder qualifies as an "underwriter," it will be subject to the prospectus delivery requirements of Section 5(b)(2) of the Securities Act.

The selling shareholder should be aware that the anti-manipulation provisions of Regulation M under the Exchange Act will apply to purchases and sales of shares of common stock by the selling stockholders, and that there are restrictions on market-making activities by persons engaged in the distribution of the shares. Under Regulation M, the selling shareholder or their agents may not bid for, purchase, or attempt to induce any person to bid for or purchase, shares of Star Bulk common stock while such selling shareholders are distributing shares pursuant to this prospectus. The selling shareholder is advised that, if a particular offer of common stock is to be made on terms constituting a material change from the information set forth above with respect to the Plan of Distribution, then, to the extent required, a post-effective amendment to the registration statement must be filed with the SEC.

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From time to time this prospectus will be supplemented and amended as required by the Securities Act. During any time when a supplement or amendment is so required, the selling shareholder is to cease sales until the prospectus has been supplemented or amended.

In addition to selling their shares under this joint proxy statement/prospectus, the selling shareholders may:

agree to indemnify any broker-dealer or agent against certain liabilities related to the selling of the shares, including liabilities arising under the Securities Act;

transfer its shares in other ways not involving market makers or established trading markets, including directly by gift, distribution, privately negotiated transaction or other transfer;

sell its shares pursuant to Rule 144 under the Securities Act rather than pursuant to this prospectus, if the shares are eligible for such sale and the transaction meets the requirements of Rule 144; or

any combination of any of the foregoing methods of sale.

In connection with the Redomiciliation Merger, pursuant to the Master Agreement, the selling shareholder has agreed that, for a period of 180 days commencing on the date of issuance of registrable securities representing the stock consideration portion of the aggregate purchase price of the vessels in the initial fleet ("Stock Consideration"), the shareholder will not (i) directly or indirectly, offer, sell, agree to offer or sell, solicit offers to purchase, grant any call option or purchase any put option with respect to, pledge, borrow or otherwise dispose of any of the registrable securities representing the Stock Consideration, or otherwise enter into any swap, derivative or other transaction or arrangement that transfers to another, any economic consequence of ownership of any of the registrable securities representing Stock Consideration. Notwithstanding the foregoing, TMT Co., Ltd. and its vessel owning subsidiaries are permitted to transfer all or any portion of the Stock Consideration among themselves or any of its affiliates provided that such transfer would not require registration under the Securities Act.

### **EXPERTS**

The balance sheet of Star Bulk Carriers Corp. as of February 5, 2007 included in this joint proxy statement/prospectus have been audited by Deloitte Hadjipavlou, Sofianos & Cambanis S.A., an independent registered public accounting firm as stated in their report appearing herein and is included upon reliance of the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Star Maritime Acquisition Corp. included in this joint proxy statement/prospectus have been audited by Goldstein Golub Kessler LLP, independent registered public accounting firm, to the extent and for the period set forth in their report appearing elsewhere in this joint proxy statement/prospectus (which contains an explanatory paragraph describing conditions that raise substantial doubt about Star Maritime's ability to continue as a going concern as discusses in Note 1 to the financial statements). The financial statements and the report of Goldstein Golub Kessler LLP are included in reliance upon their report given upon their authority as experts in auditing and accounting.

The statements of revenue and direct operating expenses of: A Duckling Corporation, F Duckling Corporation, G Duckling Corporation, I Duckling Corporation, and J Duckling Corporation included in this joint proxy statement/prospectus have been audited by Deloitte & Touche in Taipei, Taiwan, the Republic of China, an independent registered public accounting firm, as stated in their reports appearing herein (which reports express unqualified opinions and include explanatory paragraphs relating to the basis of presentation as discussed in Note 2). Such statements of revenue and direct operating expenses have been so included in reliance upon the reports of such firm given on their authority as experts in accounting and auditing.

### **LEGAL MATTERS**

Certain matters relating to United States and Marshall Islands law, including matters relating to Marshall Islands and U.S. federal income tax consequences of the Redomiciliation Merger will be passed upon for us by Seward & Kissel LLP, New York, New York.

### **STOCKHOLDER PROPOSALS AND OTHER MATTERS**

Management of Star Maritime knows of no other matters which may be brought before the Star Maritime special meeting. If any matter other than the proposed merger or related matters should properly come before the special meeting, however, the persons named in the enclosed proxies will vote proxies in accordance with their judgment on those matters.

Under Delaware law, only business stated in the notice of special meeting may be transacted at the special meeting.

### **INDUSTRY AND MARKET DATA**

The industry-related statistical and graphical information we use in this prospectus has been compiled by Drewry Shipping Consultants Ltd., or Drewry, from its database. Some of the industry information in this prospectus is based on estimates or subjective judgments in circumstances where data for actual market transactions either does not exist or is not publicly available, and consequently, Drewry cannot assure us that it reflects actual industry and market experience. Drewry compiles and publishes data for the benefit of its customers. Its methodologies for collecting data, and therefore the data collected, may differ from those of other sources, and its data does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the market. The published information of other maritime data collection experts may differ from the data presented in this prospectus.



### **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

Star Bulk has filed a registration statement on Form F-1/F-4 to register the offering and sale of Star Bulk shares to be issued in exchange for shares of Star Maritime pursuant to the Redomiciliation Merger and to TMT pursuant to the Master Agreement. This joint proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of Star Bulk in addition to a proxy statement of Star Maritime for the Star Maritime special meeting. As allowed by SEC rules, this joint proxy statement/prospectus does not contain all of the information that you can find in the registration statement or the exhibits to the registration statement. You should refer to the registration statement and its exhibits for additional information that is not contained in this joint proxy statement/prospectus.

Star Maritime is subject to the informational requirements of the Securities Exchange Act, and is required to file reports, any proxy statements and other information with the SEC. Any reports, statements or other information that Star Maritime files with the SEC, including this joint proxy statement/prospectus may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of this material can also be obtained upon written request from the Public Reference Section of the SEC at its principal office in Washington, D.C. 20549, at prescribed rates or from the SEC's website on the Internet at <http://www.sec.gov>, free of charge. Please call the SEC at 1-800-SEC-0330 for further information on public reference rooms.

Neither Star Maritime nor Star Bulk has authorized anyone to provide you with information that differs from that contained in this joint proxy statement/prospectus. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as on any date other than the date of the joint proxy statement/prospectus, and neither the mailing of this joint proxy statement/prospectus to Star Maritime stockholders nor the issuance of shares of Star Bulk in the merger shall create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is not lawful to make any such offer or solicitation in such jurisdiction.

### **ENFORCEABILITY OF CIVIL LIABILITIES**

Star Bulk is a Marshall Islands company and its executive offices are located outside of the U.S. in Athens, Greece. A majority of Star Bulk's directors, officers and experts named in this joint proxy/statement prospectus reside outside the U.S. In addition, a substantial portion of Star Bulk assets and the assets of its directors, officers and experts are located outside of the U.S. As a result, you may have difficulty serving legal process within the U.S. upon Star Bulk or any of these persons. You may also have difficulty enforcing, both in and outside the U.S., judgments you may obtain in U.S. courts against Star Bulk or these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws.

Furthermore, there is substantial doubt that the courts of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws.

## GLOSSARY OF SHIPPING TERMS

The following are definitions of certain terms that are commonly used in the shipping industry and in this joint proxy statement/prospectus.

*Annual survey.* The inspection of a vessel pursuant to international conventions, by a classification society surveyor, on behalf of the flag state, that takes place every year.

*Bareboat charter.* A charter of a vessel under which the shipowner is usually paid a fixed amount of charterhire for a certain period of time during which the charterer is responsible for the vessel operating expenses and voyage expenses of the vessel and for the management of the vessel, including crewing. A bareboat charter is also known as a "demise charter" or a "time charter by demise."

*Bunkers.* Heavy fuel and diesel oil used to power a vessel's engines.

*Capesize.* A vessel with capacity of more than 100,000 dwt.

*Charter.* The hire of a vessel for a specified period of time or to carry a cargo from a loading port to a discharging port. The contract for a charter is commonly called a charterparty.

*Charterer.* The party that hires a vessel for a period of time or for a voyage.

*Charterhire.* A sum of money paid to the shipowner by a charterer for the use of a vessel. Charterhire paid under a voyage charter is also known as "freight."

*Classification society.* An independent society that certifies that a vessel has been built and maintained according to the society's rules for that type of vessel and complies with the applicable rules and regulations of the country of the vessel's registry and the international conventions of which that country is a member. A vessel that receives its certification is referred to as being "in-class."

*Contract of affreightment.* A contract of affreightment (COA) relates to the carriage of multiple cargoes over the same route and enables the COA holder to nominate different ships to perform the individual sailings. Essentially it constitutes a number of voyage charters to carry a specified amount of cargo during the term of the COA, which usually spans a number of years. All of the ship's operating, voyage and capital costs are borne by the ship owner.

*Drybulk carrier.* A type of ship designed to carry bulk cargo, such as coal, iron ore and grain, that is loaded in bulk and not in bags, packages or containers.

*Drydocking.* The removal of a vessel from the water for inspection and repair of those parts of a vessel which are below the water line. During drydockings, which are required to be carried out periodically, certain mandatory classification society inspections are carried out and relevant certifications are issued. Drydockings are generally required once every 30 months or twice every five years, one of which must be a Special Survey.

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